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**Public School Retirement
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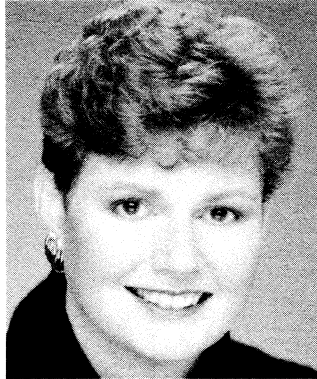
1993

===== Annual Financial Report =====

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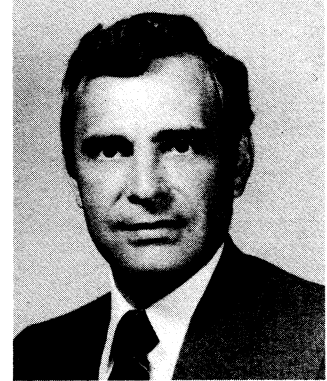
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Theresa M. Reger



William J. Wasson



Robert E. Bartman
Ex officio

To the Membership:

The Public School Retirement System came into existence on July 1, 1946 and on June 30, 1993 closed out 47 years of operations. During that period, the System enrolled 254,620 members and approved retirement benefits to 30,458 Missouri public school educators. Financial, actuarial, and membership data for the 1992-93 year are submitted in this report for your review.

Depressed interest rates again affected the earnings rate of invested funds in 1992-93; 8.02% on a weighted average of System assets, down significantly from the 8.62% of a year ago. However, the inclusion of realized capital gains of 3.4% on securities redeemed brought the total income for the year to 11.49%--an all-time high.

It is important to note that most of the capital gains realized last year were due to divestiture of "South Africa" related securities required by law. Those sales--principally of long-term bonds bought during periods of high earnings rates and common stocks which had appreciated significantly over time--brought substantial capital gains. Those gains were, of course, a "one-shot" boon, and proceeds of the sales were reinvested at today's depressed interest levels. It is unfortunate that the System was forced by law to sell many of its highest-yielding investments.

Last year saw a dramatic reduction in the unfunded liabilities of the System and the period required to amortize those liabilities in the future. The unfunded liability dropped about \$324 million, from \$1.493 billion in 1992 to \$1.169 billion in 1993. The amortization period shrank to about 28 years--a reduction of 14 years from that of 1992. This very favorable--and highly unusual--change was due principally to two factors: (1) the relatively high overall earnings of System funds discussed

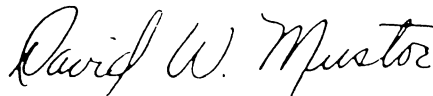
earlier, and (2) lower than expected teacher salary increases of 1992-93 which project lower future benefits.

As in previous years, the total active membership of the System increased to 63,198 as compared to 62,046 at the end of 1991-92. Again repeating history, the male membership declined while the female total increased, with the female-to-male ratio at 76% to 24%. This trend toward greater female membership has been ongoing for several years.

A net total of 3,144 persons left the retirement system by reason of retirement, termination of employment, or death. This number, which included a total of 1,300 service and disability retirees, was somewhat greater than in 1991-92, although, as indicated, there was a net growth in membership overall.

Benefit improvement legislation has been introduced in the 1994 general assembly which would require an increased contribution rate by members and employers. The existing 10 1/2% statutory limit (teachers and employers now pay only 10% each) can be applied toward funding such change. Members need to be aware, however, that a continuation of lower interest rates causing reduced earnings on the System's invested funds may bring a need for more contributions just to fund current benefits. Thus, there is a danger in using the maximum legal contribution rate for new benefits, when those funds may be needed for paying existing benefits and amortizing liabilities. Unquestionably, if interest rates remain at current levels, financing of this retirement program and all like it will be materially affected.

We hope this report will be of interest--we have prepared it for you. Please study it and let us know your thoughts concerning your retirement program.



David W. Mustoe
Executive Secretary

Auditor's Statement

This report is prepared by the Board of Trustees of The Public School Retirement System of Missouri in compliance with Chapter 169 of the Revised Statutes of Missouri, 1978.

The financial statements of The Public School Retirement System of Missouri for the year ended June 30, 1993, were audited by the independent certified public accounting firm of Evers & Co. of Jefferson City, Missouri, who issued an unqualified opinion in their report dated Dec. 14, 1993. The audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as were considered necessary under the circumstances.

The auditor's certification statement is not included herein because, for reasons of space limitations and clarity, certain information set forth in this report is in somewhat different form than that of the auditor's report.

Copies of the audit report are on file at the retirement system office at 701 West Main, Jefferson City, Missouri, and are open to inspection during normal working hours.

The financial statements for the year ended June 30, 1992, were audited by the independent certified public accounting firm of Williams-Keepers, Jefferson City, Missouri, and an unqualified opinion on those statements was expressed.

Statement of Financial Condition June 30, 1993 and 1992

ASSETS

	1993	1992
CASH		
Custodian's Account (Includes Funds in Transit \$1,170,936.78 (1993); \$1,253,233.63 (1992))	\$ 1,193,998.64	\$ 1,283,605.41
Operating Account	355,287.82	396,256.98
Total Cash	<u>\$ 1,549,286.46</u>	<u>\$ 1,679,862.39</u>
INVESTMENTS		
Bonds - U.S. Government & Corporate	\$4,376,636,549.98	\$3,638,874,319.91
Bonds - U.S. Government (Zero Coupon)	715,283,263.46	615,109,304.47
GNMA Loans	689,290,002.53	895,793,648.03
FHA/VA Loans	668,978.98	1,321,401.95
Common and Preferred Stock	1,445,371,597.06	1,023,131,555.85
Temporary Investments	356,811,663.03	502,995,145.00
GIC	23,291,610.00	27,448,138.00
Total Investments	<u>\$7,607,353,665.04</u>	<u>\$6,704,673,513.21</u>
ACCRUED INCOME		
Contributions	\$ 56,200,000.00	\$ 54,230,000.00
Interest on Securities — Government and Corporate	82,412,440.73	77,463,237.06
Interest on GNMA Loans	8,930,572.68	10,554,413.33
Dividends on Common Stock	3,860,610.86	3,180,964.25
Interest on Temporary Investments	1,145,422.74	1,463,978.85
Total Accrued Income	<u>\$ 152,549,047.01</u>	<u>\$ 146,892,593.49</u>
LAND AND BUILDING	<u>\$ 1,279,421.37</u>	<u>\$ 1,322,007.37</u>
TOTAL ASSETS	<u><u>\$7,762,731,419.88</u></u>	<u><u>\$6,854,567,976.46</u></u>

LIABILITIES AND RESERVES

	1993	1992
Accumulated Contributions of Members	\$2,581,087,427.87	\$2,189,921,891.31
Accumulated Contributions of Terminated Members	995,296.29	810,978.11
Additional Deposits of Members	260,518.96	395,889.94
Reinstatements — Partial Payments	1,465,340.75	1,304,638.73
Membership Credit Purchases — Partial Payments	597,533.05	574,609.58
Reserve for Benefits to Present Retirants	2,978,007,483.00	2,633,645,212.00
Reserve for Operating Expenses and Future Retirants	2,365,133,918.06	1,992,781,690.86
Reserve for Additional Deposit Annuities	2,202,653.00	2,162,541.00
Contingent Reserve for Investments	32,981,248.90	32,970,524.93
TOTAL LIABILITIES AND RESERVES	<u><u>\$7,762,731,419.88</u></u>	<u><u>\$6,854,567,976.46</u></u>

Statement of Net Assets Available for Benefits June 30, 1993 and 1992

ASSETS

	1993	1992
INVESTMENTS — At Cost or Amortized Cost		
Bonds - U.S. Government & Corporate	\$ 4,376,636,550	\$ 3,638,874,320
Bonds - U.S. Government (Zero Coupon)	715,283,263	615,109,304
GNMA Mortgage Loans	689,290,003	895,793,648
FHA/VA Mortgage Loans	668,979	1,321,402
Common and Preferred Stock	1,445,371,597	1,023,131,556
Temporary Investments	356,811,663	502,995,145
GIC	23,291,610	27,448,138
Total Investments	<u>\$ 7,607,353,665</u>	<u>\$ 6,704,673,513</u>
RECEIVABLES		
Contributions	\$ 56,200,000	\$ 54,230,000
Accrued Interest on Bonds	82,412,441	77,463,237
Accrued Interest on Mortgage Loans	8,930,572	10,554,413
Accrued Dividends on Stocks	3,860,611	3,180,964
Accrued Interest on Temporary Investments	1,145,423	1,463,979
Total Receivables	<u>\$ 152,549,047</u>	<u>\$ 146,892,593</u>
CASH		
Custodian's Account	\$ 1,193,998	\$ 1,283,605
Operating Account	355,288	396,257
Total Cash	<u>\$ 1,549,286</u>	<u>\$ 1,679,862</u>
LAND AND BUILDING ..	<u>\$ 1,279,421</u>	<u>\$ 1,322,008</u>
NET ASSETS	<u>\$ 7,762,731,419</u>	<u>\$ 6,854,567,976</u>

	1993	1992
MEMBER ACCOUNTS		
Accumulated Contributions—Members	\$ 2,381,087,428	\$ 2,189,921,891
Accumulated Contributions—Terminations	995,296	810,978
Additional Deposits of Members	260,519	395,890
Reinstatements	1,465,341	1,304,639
Membership Service Credit Purchases	597,533	574,609
	<u>\$ 2,384,406,117</u>	<u>\$ 2,193,008,007</u>
RESERVES		
Reserve for Benefits to Present Retirants	\$ 2,978,007,483	\$ 2,633,645,212
Reserve for Operating Expenses and Benefits to Future Retirants	2,365,133,918	1,992,781,691
Reserve for Additional Deposit Annuities	2,202,653	2,162,541
Contingent Reserve for Investments	32,981,248	32,970,525
	<u>\$ 5,378,325,302</u>	<u>\$ 4,661,559,969</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 7,762,731,419</u>	<u>\$ 6,854,567,976</u>

Statement of Changes in Net Assets Available for Benefits Years Ended June 30, 1993 and 1992

Member Accounts

	1993	1992
SOURCES OF NET ASSETS		
Contributions of employers and members—net of refunds	\$ 190,865,451	\$ 186,127,118
Contributions received from state—H.B. 610 (Note 6)		
Investment income		
Gain on sales of investments		
Miscellaneous interest income		
Proceeds from special services and sale of equipment		
FHA and VA discounts realized—15%		
House Bill 610		
Other		
	<u>\$ 190,865,451</u>	<u>\$ 186,127,118</u>
APPLICATION OF NET ASSETS		
Member withdrawals and refunds	\$ 17,407,126	\$ 18,525,662
Member terminations and deaths paid	2,204,982	2,164,577
Loss on sales of investments		
Operating expenses		
Retired employee salaries		
Depreciation on building		
Foreclosure expense		
Transfer to MOSERS		
Benefits paid		
	<u>\$ 19,612,108</u>	<u>\$ 20,690,239</u>
TRANSFERS AND ADJUSTMENTS		
Accumulated contributions and additional deposits of new retirants	\$(103,909,880)	\$ (87,298,911)
Interest credited to member accounts	123,987,537	131,203,020
Present value of reserve for benefits to present retirants		
Present value of reserve for additional deposit annuities		
Adjustment to receivable from state—H.B. 610		
Other	67,110	36,493
	<u>\$ 20,144,767</u>	<u>\$ 43,940,602</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 191,398,110</u>	<u>\$ 209,377,481</u>
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	<u>2,193,008,008</u>	<u>1,983,630,527</u>
End of Year	<u>\$2,384,406,118</u>	<u>\$2,193,008,008</u>

Reserve for Benefits to Present Retirants		Reserve for Additional Deposit Annuities		Contingent Reserve for Investments		Reserve for Operating Expenses and Benefits to Future Retirants	
1993	1992	1993	1992	1993	1992	1993	1992
						\$ 186,293,050	\$ 175,972,265
						-0-	3,461,888
						564,732,927	530,375,265
						242,613,176	129,458,613
						444,964	401,524
						1,688	150,000
				\$ 11,714	\$ 12,220	-0-	-0-
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 11,714	\$ 12,220	\$ 994,085,805	\$ 839,819,555
						\$ 6,513,589	\$ 5,540,848
						188,215	212,755
						42,586	42,586
						-0-	-0-
						58,733	58,504
\$ 250,346,835	\$ 224,041,777	\$ 280,581	\$ 283,272				
\$ 250,346,835	\$ 224,041,777	\$ 280,581	\$ 283,272	\$ -0-	\$ -0-	\$ 6,803,123	\$ 5,854,693
\$ 103,930,089	\$ 87,337,131	\$ 156,792	\$ 67,469			\$ -0-	\$ 485,993
490,779,017	509,767,464	163,901	159,724			(123,987,537)	(131,203,020)
						(490,779,016)	(509,767,464)
						(163,901)	(159,724)
						-0-	(24,000,000)
				(989)	(14,374)		
\$ 594,709,106	\$ 597,104,595	\$ 320,693	\$ 227,193	\$ (989)	\$ (14,374)	\$ (614,930,454)	\$ (664,644,215)
\$ 344,362,271	\$ 373,062,818	\$ 40,112	\$ (56,079)	\$ 10,725	\$ (2,154)	\$ 372,352,228	\$ 169,320,647
2,633,645,212	2,260,582,394	2,162,541	2,218,620	32,970,524	32,972,678	1,992,781,691	1,823,461,044
\$2,978,007,483	\$2,633,645,212	\$ 2,202,653	\$ 2,162,541	\$ 32,981,249	\$ 32,970,524	\$2,365,133,919	\$1,992,781,691

Statement of Changes in the Reserve for Benefits to Present Retirants for 1992-93

BALANCE, BEGINNING OF YEAR	\$2,633,645,212.00
ADD:	
Contributions of 1992-93 Retirants, Beneficiaries and Survivors	103,930,089.48
Adjustment in Present Value of Current Benefits Payable	490,779,016.28
Total	<u>\$ 594,709,105.76</u>
Total Adjusted Balance and Additions	\$3,228,354,317.76
DEDUCT:	
Benefits Paid:	
Service Retirement Allowances	\$ 234,602,887.08
Beneficiary Retirement Allowances	8,066,091.77
Disability Retirement Allowances	5,809,951.06
Survivor Benefits	1,211,498.21
Unused Contributions of Deceased Retirants	<u>656,406.64</u>
Total Benefits Paid	<u>\$ 250,346,834.76</u>
BALANCE, END OF YEAR	<u><u>\$2,978,007,483.00</u></u>

Statement of Changes in the Reserve for Operating Expenses and Benefits to Future Retirants for 1992-93

BALANCE, BEGINNING OF YEAR	\$1,992,781,690.86
ADD:	
Miscellaneous Adjustments	
Employer Contributions Collectible	1,431,352.31
Total Beginning Balance and Additions	\$1,994,213,043.17
DEDUCT:	
Miscellaneous Adjustments	83,198.42
Adjusted Balance, Beginning of Year	\$1,994,129,844.75
ADD:	
Contributions of Employers — Net of Refunds	\$ 181,912,148.42
Income from Securities	807,346,103.46
Miscellaneous Interest Income	444,963.58
Income from Sale of Equipment and Special Services	1,687.53
Contributions Received from State of Missouri	3,032,747.65
Total	\$ 992,737,650.64
Total Adjusted Balance and Additions	\$2,986,867,495.39
DEDUCT:	
Operating Expense	\$ 2,396,673.51
Actuarial Fees and Expense	70,026.00
Investment Expense	4,046,889.05
Retired Employee Salaries	188,215.08
Interest Credited to Additional Deposits 6/30/93	14,345.87
Interest Credited to Member Contributions 6/30/93	123,973,191.46
Depreciation on Building	42,586.00
Adjustment in Present Value of Additional Deposits	163,901.05
Adjustment in Present Value of Reserve for Benefits to Present Payees	490,779,016.28
Contributions Paid to MOSERS	58,733.03
Total	\$ 621,733,577.33
BALANCE, END OF YEAR	\$2,365,133,918.06

Statement of Changes in the Reserve for Additional Deposit Annuities for 1992-93

BALANCE, BEGINNING OF YEAR	\$ 2,162,541.00
ADD:	
Additional Deposits-Retired Members	156,791.85
Adjustment in Present Value of Reserve	163,901.05
Interest Waived on Withdrawals and Refunds	-0-
Total	<u>\$ 2,483,233.90</u>
LESS:	
Benefits and Refunds Paid	<u>\$ 280,580.90</u>
Total	<u>\$ 280,580.90</u>
BALANCE, END OF YEAR	<u><u>\$ 2,202,653.00</u></u>

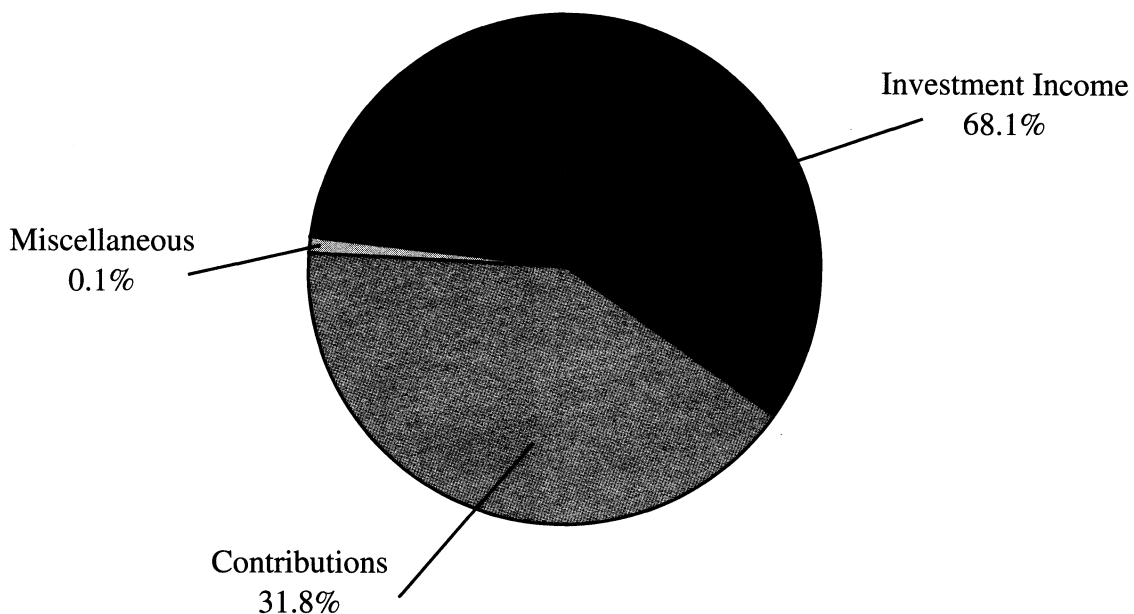
Statement of Changes in the Contingent Reserve for Investments for 1992-93

	Bonds	FHA-VA	Stock	Total
BALANCE, BEGINNING OF YEAR	\$24,242,722.20	\$ 417,337.96	\$ 8,310,464.77	\$32,970,524.93
ADD:				
15% of Discount Realized in 1992-93 on FHA & VA Loans		11,712.61		11,712.61
FHA Receipts		761.40		761.40
FHA Receipts		(1,750.04)		(1,750.04)
BALANCE, END OF YEAR	<u><u>\$24,242,722.20</u></u>	<u><u>\$ 428,061.93</u></u>	<u><u>\$ 8,310,464.77</u></u>	<u><u>\$32,981,248.90</u></u>

Statement of Revenues and Expenses for 1992-93, 1991-92

	1993	1992
REVENUES		
Investment Income—Net of Gains/Losses on Sales	\$ 807,356,827.43	\$ 659,831,724.86
Contributions of Members and Employers	370,317,207.36	359,207,706.72
Member Reinstatements and Purchases	7,120,618.56	7,045,849.10
Additional Deposits of Members	7,375.00	14,800.00
Miscellaneous Interest Income	296,651.11	401,499.36
Service Fees and Sale of Equipment	150,000.00	150,025.00
Total Revenue	\$1,185,248,679.46	\$1,026,651,605.04
EXPENSES		
Retirement Allowances, Benefits and Death Payments	\$ 252,340,332.14	\$ 226,269,853.36
Retired Employees' Salaries	188,215.08	212,755.20
Withdrawals and Refunds	18,000,514.26	18,882,849.00
Operating Expenses	6,556,174.56	5,583,433.78
Total Expenses	\$ 277,085,236.04	\$ 250,948,891.34
NET EXCESS OF REVENUES OVER EXPENSES	\$ 908,163,443.42	\$ 775,702,713.70

Sources of Income June 30, 1993 Total Income \$1,185,248,679.46



Schedule of Cash Receipts and Disbursements for Years Ended June 30, 1993 and 1992

	1993	1992
BEGINNING BALANCES	\$ 1,679,862.39	\$ 976,069.52
RECEIPTS:		
Contributions	368,347,207.36	361,097,706.72
Income from Investments	496,136,999.09	466,748,744.35
Redemptions and Sale of Corporate Bonds	1,256,507,551.60	944,228,126.49
Principal Receipts:		
Pro Capp Securities	3,058,334.00	3,167,693.68
GNMA Mortgage Loans	210,892,126.42	145,359,498.11
FHA/VA Mortgage Loans	730,507.03	1,014,836.05
Sale of Common and Preferred Stock	467,162,015.87	343,098,342.70
Redemptions of Temporary Investments	2,878,733,400.36	2,402,403,998.13
Reinstatements	4,222,708.44	3,666,352.86
Additional Deposits	7,375.00	14,800.00
Membership Credit Purchases	2,897,910.12	3,379,496.24
Service Fees	150,000.00	150,000.00
Miscellaneous Interest and Income	296,651.11	401,524.36
Redemption from Sale of CPN Bonds	68,392,695.00	130,203,272.00
Total Receipts	<u>\$5,757,535,481.40</u>	<u>\$4,804,934,391.69</u>
TOTAL RECEIPTS AND BALANCES	<u>\$5,759,215,343.79</u>	<u>\$4,805,910,461.21</u>
DISBURSEMENTS:		
Investments:		
Purchases of Pro Capp Securities	\$ -0-	\$ -0-
Purchases of U.S. Government Bonds—Zero Coupons	96,808,300.00	124,227,309.70
Purchases of Corporate Bonds	1,922,340,606.44	1,450,259,312.18
Purchases of GNMA Mortgage Loans	-0-	105,490,741.41
Purchases of Common Stock	718,054,148.10	384,046,402.40
Purchases of Temporary Investments	2,732,549,918.39	2,476,797,985.13
Purchases of Accrued Interest	10,870,434.36	12,502,542.66
Total Investments	<u>\$5,480,623,407.29</u>	<u>\$4,553,324,293.48</u>

	1993	1992
Allowances and Benefits:		
Service Retirement	\$ 234,602,887.08	\$ 210,043,492.75
Beneficiary Allowances	8,066,091.77	6,976,791.06
Disability Retirement	5,809,951.06	5,374,179.24
Survivor Benefits	1,211,498.21	1,151,805.84
Additional Deposit Annuities	280,580.90	283,272.25
Total Allowances and Benefits	\$ 249,971,009.02	\$ 223,829,541.14
Retired Employees' Salaries	188,215.08	212,755.20
Withdrawals and Refunds	20,369,837.38	21,323,161.22
Operating Expenses:		
Personal Services	1,223,700.68	1,131,921.84
Investment Fees	4,046,889.05	3,150,642.00
Office Equipment Purchases	30,750.60	84,754.62
Postage	59,532.77	60,489.11
Office Equipment—Rental/Maintenance	61,799.65	60,722.16
Fiduciary Insurance	111,176.00	135,154.00
Actuarial Fees	70,026.00	95,225.00
Utilities	62,076.18	61,276.87
Telephone	41,355.06	43,988.61
Office Supplies & Expense	26,171.42	31,161.33
Audit Fees	12,100.00	11,500.00
Staff Field Expense	31,509.48	23,517.55
Building Maintenance/Equipment	21,433.91	12,591.11
Board of Trustees Expense	25,909.68	18,212.85
Information and Publicity Expense	95,205.96	129,958.45
Legal Counsel	514,472.22	377,119.83
Printing	14,682.00	7,699.08
Insurance, Bonding and Computer Training	13,328.48	10,503.75
Medical Examination—Disabilities	1,015.00	1,085.50
Office Security	756.00	756.00
Election	-0-	30,114.71
Miscellaneous	6,498.42	11,653.41
Investment Consulting Expense	43,200.00	50,800.00
Total Operating Expenses	\$ 6,513,588.56	\$ 5,540,847.78
TOTAL DISBURSEMENTS	\$5,757,666,057.33	\$4,804,230,598.82
ENDING BALANCES	\$ 1,549,286.46**	\$ 1,679,862.39
TOTAL DISBURSEMENTS AND BALANCES	\$5,759,215,343.79	\$4,805,910,461.21

**Includes \$1,170,936.78 Cash in Transit, June 30, 1993

February, 1994

Board of Trustees
Public School Retirement
System of Missouri
Post Office Box 268
Jefferson City, Missouri 65102

Ladies and Gentlemen:

An actuarial valuation of the System has been performed as of June 30, 1993, in accordance with Section 169.020 of the Revised Statutes of Missouri. Active, inactive and retired Member census data was supplied by the System for this purpose. Asset information was obtained from the auditors' report. Plan provisions, actuarial assumptions and methods used are summarized in our report.

All calculations were made in accordance with generally accepted actuarial principles.

As a result of this valuation, we recommend a contribution rate of 10% of salary for Members and 10% of salary for Employers (6-2/3% for Members with OASI coverage).

Respectfully submitted,



Kenneth J. Sliment, F.S.A.

RESULTS OF THE ACTUARIAL VALUATION

(All Dollar Figures in Thousands)

The essential results of the June 30, 1993 actuarial valuation are summarized below:

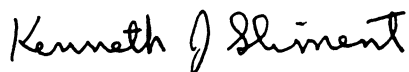
(1) Present Value of Future Benefits for:		
(a) Active Members	\$ 10,047,745	
(b) Retired Members	2,980,210	
(c) Inactive Members	130,953	
(d) Other Liabilities	<u>36,300</u>	
(e) Total		\$ 13,195,208
(2) Present Value of Future Normal Costs		4,238,720
(3) Actuarial Accrued Liability: (1)-(2)		8,956,488
(4) Actuarial Assets of the System		7,787,379
(5) Unfunded Actuarial Accrued Liability: (3)-(4)		1,169,109

With a fixed benefit level and a defined contribution rate, the amortization period for the Unfunded Actuarial Accrued Liability becomes a key item. The procedure has been adopted whereby the funding of the entire System (Normal Cost as well as Unfunded Actuarial Accrued Liability) is accomplished as a level percentage of an expanding payroll (i.e., with increasing dollar contributions). The following development illustrates how this is done:

(6) Total Contribution Rate, Member+District	20.00%
(7) Normal Cost Rate at Mid-Year	17.21%
(8) Rate available for Unfunded Actuarial Accrued Liability: (6)-(7)	2.79%
(9) Number of Years required to Amortize Unfunded Actuarial Accrued Liability with Compensation increases at 6% per year	27.5

This compares with a period of 41.9 years derived from the June 30, 1992 actuarial valuation.

Therefore, we recommend a contribution rate of 10.00% (6-2/3% OASI) for the Members and for the Districts.



Kenneth J. Sliment, F.S.A.

ACTUARIAL BALANCE SHEET

(in thousands)

June 30, 1993

ASSETS

Present Actuarial Value of Assets Creditable To:		
Members' Accumulated Contribution Fund (as reported by auditor)	\$ 2,384,406	
General Reserve Fund	5,378,325	
Book Value Adjustment	—	
Transfer due from State of Missouri	24,648	
		\$ 7,787,379
Present Value of Future Contributions For:		
Normal Costs	\$ 4,238,720	
Unfunded Actuarial Accrued Liability	1,169,109	
		\$ 5,407,829
Total Present and Potential Assets		\$13,195,208

LIABILITIES

Members' Accumulated Contributions:		
Regular Contributions	\$ 2,381,087	
Reinstatement Purchases	2,063	
Tax-Sheltered Deposits	261	
Terminated Members' Deposits	995	
		\$ 2,384,406
Present Value of Benefits Now Payable To:		
Service Retirants	\$ 2,822,935	
Disability Retirants	55,705	
Tax-Sheltered Annuitants	2,203	
Survivors	99,367	
		\$ 2,980,210
Present Value of Benefits to Active Members		
(in excess of their contributions to date)		7,797,611
Investment Contingency Reserve		32,981
Total Present and Potential Liabilities		\$13,195,208

Plan Summary

Administration

The Public School Retirement System of Missouri was created and is governed by Chapter 169 of the Revised Statutes of Missouri. The system is administered by a seven-member Board of Trustees, comprised of four trustees elected from the systems' membership by members and retirees of the system and members and retirees of The Non-Teacher School Employee Retirement System, two trustees appointed by the State Board of Education, and the Commissioner of Education. The board appoints an Executive Secretary as its chief executive officer.

Revenue

The three primary sources of the System's revenue are members' contributions, employers' contributions, and investment income. The current member contribution rate is 10% of salary, matched by the employer.

Membership

Membership in the System is mandatory for all full-time certificated employees and optional for eligible part-time employees of public school districts in Missouri, with the exception of the St. Louis and Kansas City districts.

Membership Credit

A member is granted one year of credit for serving the complete period in the annual term of employment, and proportional credit for serving a partial term.

Credit Purchases

A member may, under certain conditions, purchase membership credit for services in the St. Louis and Kansas City school districts, for services in a public institution outside the state, and for military service.

Vesting

A member is vested (may leave contributions with the System until eligible for a retirement benefit) after acquiring five years of membership credit for Missouri service. There are currently 46,876 vested members and 16,322 non-vested members.

Membership Termination

Membership in the System is terminated by (1) withdrawal of contributions; (2) unemployment in a covered position for more than four of any five consecutive years if the member is not vested; (3) death; or (4) retirement.

Refunds

A member who ceases covered employment may elect to withdraw the total of the employee's contributions and accrued interest. Upon voluntary withdrawal or upon automatic termination of membership and refund because of consecutive unemployment, all credit and benefit rights are forfeited.

Reinstatement

If re-employment in covered service occurs following withdrawal or refund of contributions, a new membership is established. The member may regain the credit forfeited through termination of the previous membership by repayment with interest of the amount refunded and service for five years after the return to covered employment.

Death Benefits

A lump sum refund of the employee's contributions and interest is payable to the designated beneficiary of a member who dies before service retirement. If the beneficiary is an eligible dependent and the member died while in covered employment with at least two years of credit for such service, or while eligible for disability retirement benefits, monthly survivor benefit payments based on a percentage of the member's salary for the last full year of covered service can be elected in lieu of the contribution refund.

Spouses of certain deceased members and disability retirees may elect to forfeit the right to any other death payment and receive instead the monthly service retirement benefit which would have been payable under the Option 1 retirement plan.

Disability Benefits

A member with five or more years of credit for covered employment who becomes permanently and totally disabled because of physical or mental impairment while serving in covered employment and prior to age 60, or within one year of such employment if the disability is traceable to a period of such employment, may be eligible for disability retirement benefits.

The disability benefit is calculated as the greater of 90 percent of the service retirement benefit payable as though the member were age 60, or 50 percent of the member's salary rate for the last full year of covered employment; but the benefit cannot exceed the amount which would have been payable had the member continued in covered service to age 60 at the same salary rate.

Service Retirement

A member is eligible for normal service retirement with unreduced benefits at age 55 with 25 years of service credit, any age with 30 or more years of service credit, or at age 60 with at least 5 years of such credit. A member may request early retirement with actuarially reduced benefits at any age with 25 years of credit, or beginning at age 55 with at least 5 years of credit.

The service retirement benefit is determined by multiplying the final average salary times 2.1 percent times the years of service credit, with the provision that the benefit cannot exceed 100 percent of the final average salary. Final average salary is the average of the five highest consecutive years of salary for covered service.

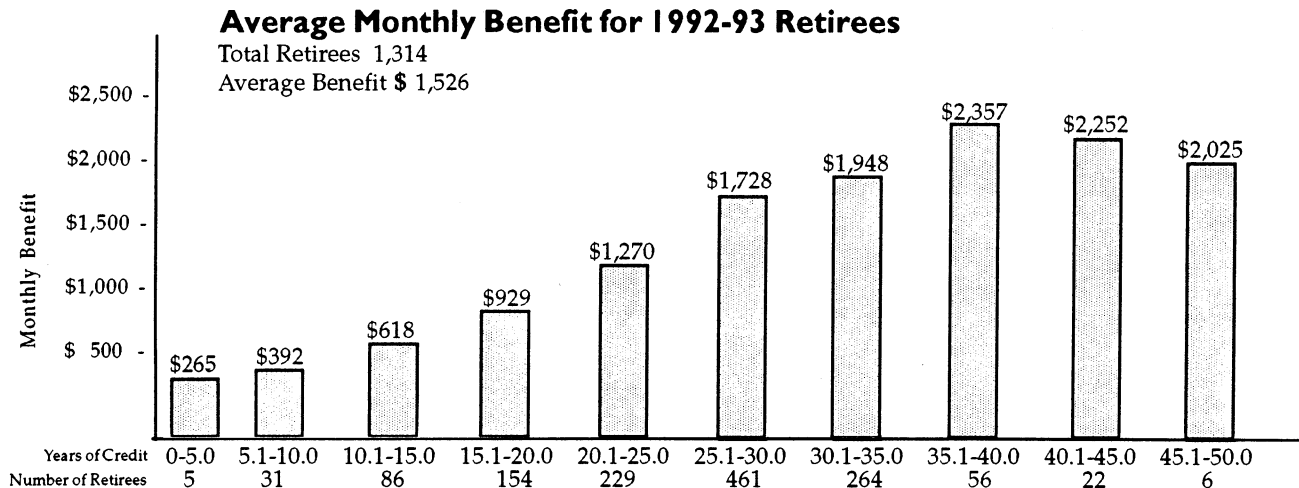
Four optional retirement plans are available for members who elect to take a lesser benefit in order to provide a lifetime monthly income to a designated beneficiary after the retiree's death.

Post-Retirement Increases

Disability retirees, service retirees and retiree beneficiaries receiving monthly benefits under optional retirement plans are eligible for post-retirement increases beginning the fourth January 1 following retirement. The annual cost of living adjustment is based on the consumer price index for the previous fiscal year. The maximum annual increase is 5 percent, with a lifetime maximum of 56 percent of the retiree's original or base benefit until January of 1995, when the maximum will be raised to 65 percent of the retiree's original or base benefit.

Summary of Changes in Membership 1992-93

	Male	Female	Total
Membership, June 30, 1992	16,772	45,274	62,046
Addition to Membership in 1992-93			
New Memberships	924	3,372	4,296
Membership Terminations in 1992-93			
Service Retirements	493	763	1,256
Disability Retirements	23	21	44
Withdrawals	514	1,225	1,739
Deaths	27	35	62
Unemployment	15	81	96
Cancellations	10	39	49
	1,082	2,164	3,246
Less Previous Terminations, Paid in 1992-93			
Net Membership Terminations	(18)	(84)	(102)
	1,064	2,080	3,144
Net Change in Membership 1992-93	(140)	1,292	1,152
Membership, June 30, 1993	<u>16,632</u>	<u>46,566</u>	<u>63,198</u>



Summary of Changes in Retired Membership 1992-93

	Service Retirements			Disability Retirements		
	Male	Female	Total	Male	Female	Total
Retired Members, July 1, 1992	5,208	12,695	17,903	154	391	545
Retired During Year	493	763	1,256	23	21	44
Died During Year	153	387	540	16	12	28
Resumed Teaching During Year	4	10	14	2	0	2
Retired After Resuming Teaching	3	10	13	1	0	1
Retired Members, June 30, 1993	5,547	13,071	18,618	160	400	560

Beneficiaries and Survivors Receiving Benefits June 30, 1993

	Male	Female	Total
Beneficiary Allowances under Option I—IV	166	759	925
Surviving Spouses (without children)	35	163	198
Surviving Spouses (with children)	47	72	119
Surviving Children	6	8	14
Surviving Parents	0	0	0
Total	254	1,002	1,256

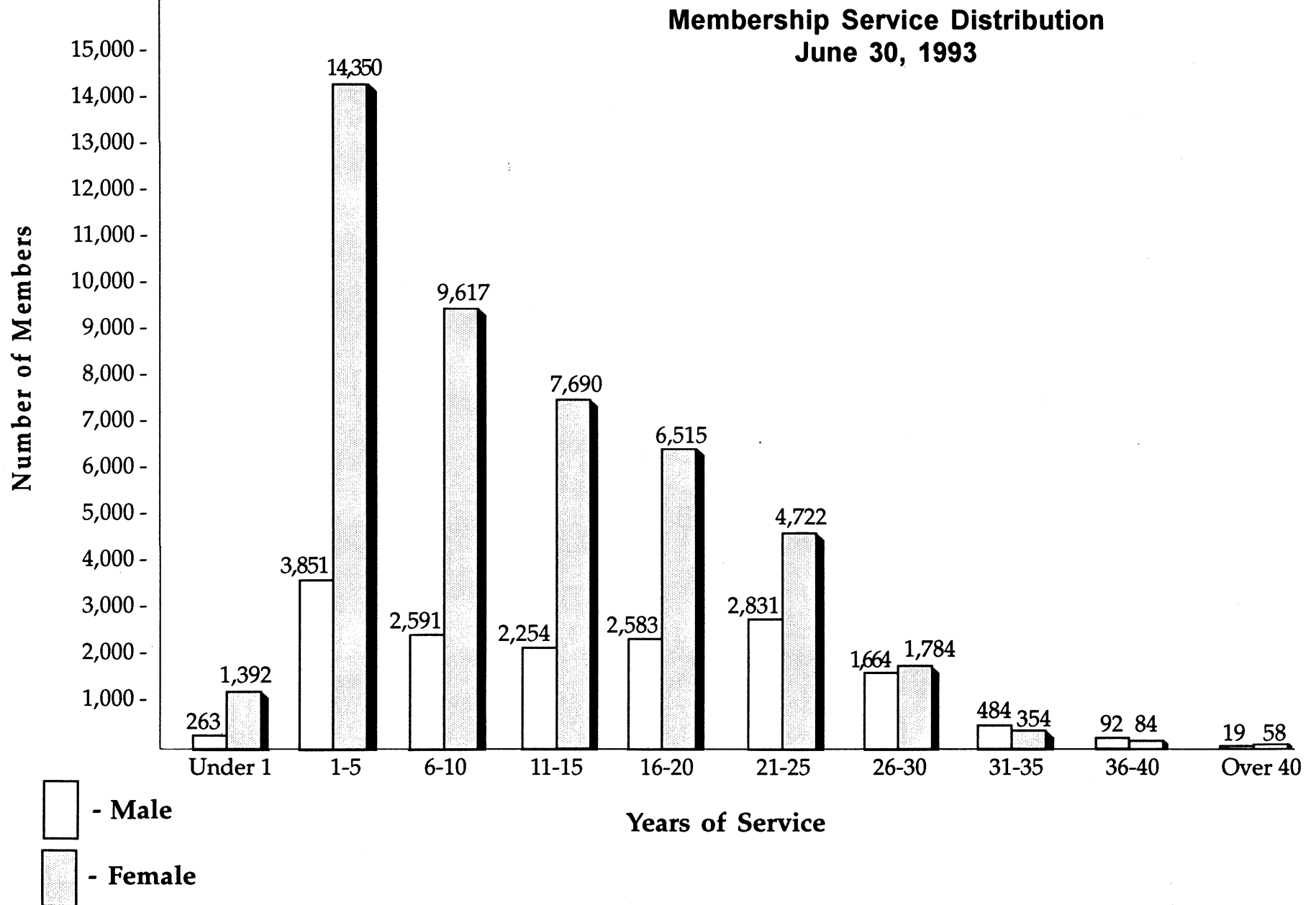
Eligible for Benefits at 60 or 65

	Male	Female	Total
Surviving Spouses	4	43	47

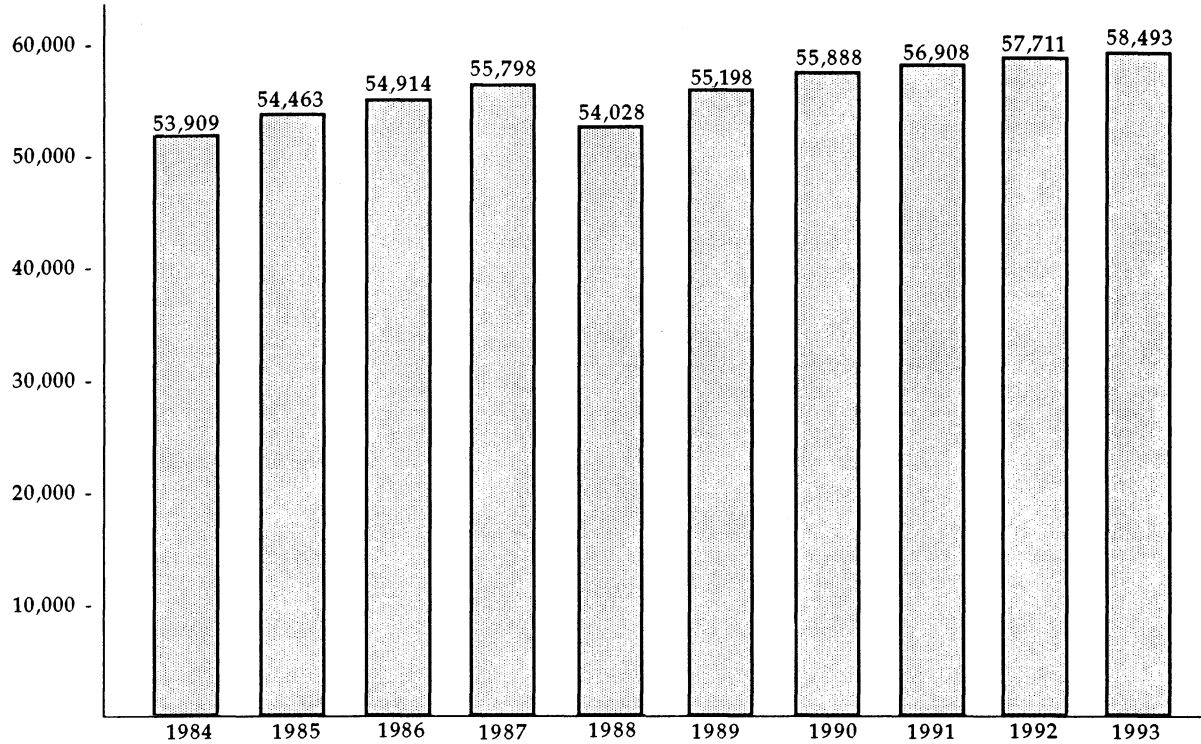
Ten-Year Summary of Statistics

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
(1) Total Active Membership	53,909	54,463	54,914	55,798	54,028	55,198	55,888	56,908	57,711	58,493
(2) Retired Members	14,737	15,083	15,515	16,050	16,453	17,005	17,431	17,938	18,448	18,618
(3) Assets	\$2,478,673	\$2,853,646	\$3,196,269	\$3,661,142	\$4,072,243	\$4,770,072	\$5,405,788	\$6,078,865	\$6,854,567	\$7,762,731
(4) Investment Income	\$ 235,212	\$ 274,807	\$ 310,048	\$ 359,562	\$ 394,982	\$ 466,798	\$ 515,465	\$ 543,202	\$ 659,846	\$ 807,357
(5) Investment Yield	10.56%	10.81%	10.72%	10.81%	10.36%	11.01%	10.66%	9.9%	10.7%	11.49%
(6) Contributions	\$ 211,782	\$ 227,489	\$ 247,460	\$ 267,899	\$ 296,930	\$ 309,266	\$ 328,173	\$ 345,826	\$ 359,207	\$ 370,317
(7) Benefit Payments and Refunds	\$ 114,469	\$ 126,133	\$ 139,297	\$ 150,138	\$ 266,431	\$ 180,012	\$ 215,429	\$ 229,330	\$ 245,365	\$ 270,529
(8) Administrative Expenses	\$ 1,482	\$ 1,576	\$ 1,737	\$ 2,078	\$ 2,334	\$ 3,314	\$ 3,816	\$ 4,757	\$ 5,540	\$ 6,513
(9) Accumulated Members' Contributions	\$ 957,204	\$1,074,475	\$1,200,338	\$1,333,786	\$1,427,755	\$1,605,331	\$1,780,289	\$1,983,631	\$2,193,008	\$2,384,406
(10) Unfunded Prior Service Liability	\$ 688,599	\$ 706,656	\$ 819,262	\$1,006,664	\$ 877,413	\$ 933,473	\$1,398,877	\$1,431,169	\$1,493,068	\$1,169,109
(11) Present Value of Retirement Benefits	\$ 921,714	\$1,017,270	\$1,166,736	\$1,315,631	\$1,464,228	\$1,688,837	\$1,997,340	\$2,262,801	\$2,635,808	\$2,980,210

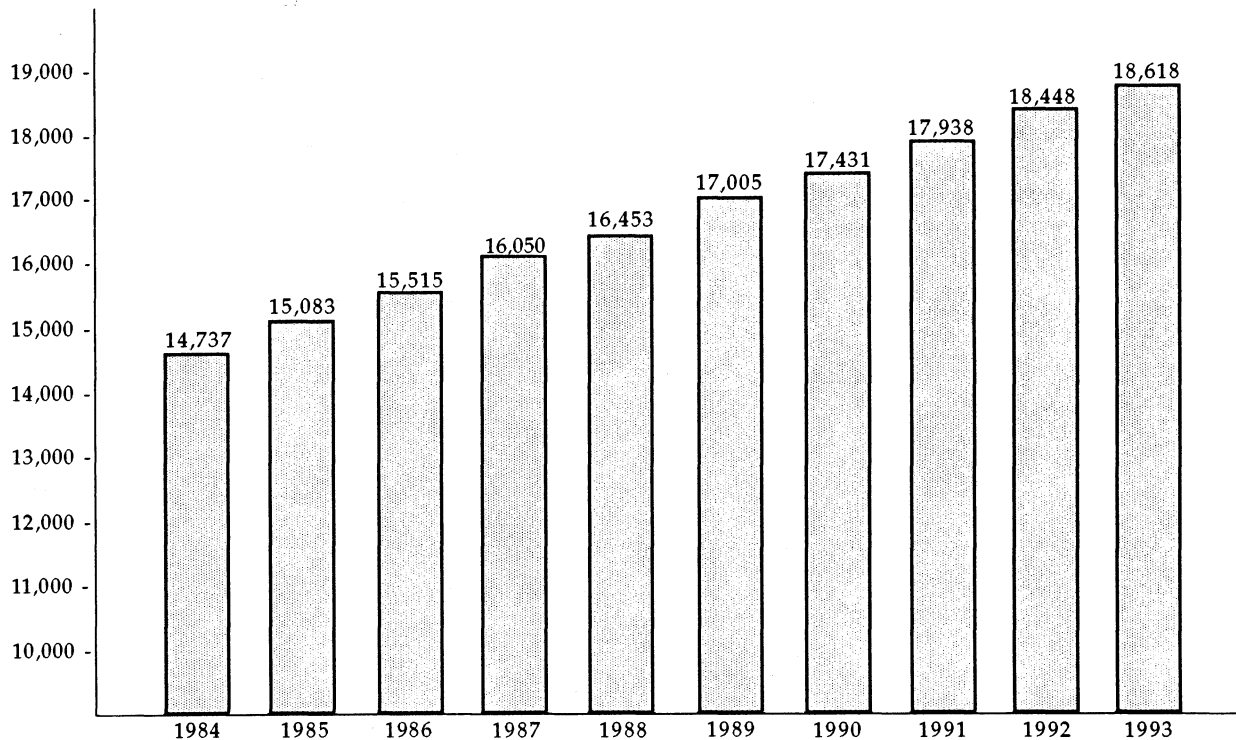
NOTE: All dollar figures cited in thousands; hence, \$235,212 equals \$235,212,000.



Ten-Year Summary of Active Membership June 30, 1993



Ten-Year Summary of Retired Membership June 30, 1993



Investments

Investment Agents

Prior to the year of this report, investments of The Public School Retirement System of Missouri were managed by Boatmen's Trust Company of St. Louis, Loomis, Sayles & Company, Inc. of Pasadena, California, and United Missouri Investment Counsel Service of Kansas City, Missouri. In 1992 two additional managers were retained, principally as small capitalization stock managers. Those managers are Dalton, Greiner, Hartman, Maher & Company of New York and Denver Investment Advisors of Denver, Colorado. There is no "in-house" management; all investments are managed externally. Boatmen's has the largest portfolio, and also performs custody and securities lending functions for all managers. All benefits and administrative expenses are paid from earnings on the Boatmen's portfolio.

Investment Objectives

This retirement system--an actuarial reserve plan--is funded from two sources: member-employer contributions and investment earnings. The higher the earning level, the lower will be the contributions required and, hence, the lower the direct cost to members and employers. The Board of Trustees, acting through its investment managers and consultants, seeks the maximum earnings level achievable within acceptable levels of risk.

Funds are accumulated in the retirement system to establish investment reserves and earn income for payment of benefits. The retirement system actuary assumes certain long-term rates of return for the projection of future costs. The annual earnings assumption rate currently in use is 8%, and through the present time System earnings have exceeded that rate. Such actuarial gains have permitted past benefit improvements which would not otherwise have been attainable. Whether this can continue in the future is questionable, especially in times of relatively low interest rates as at present.

Investment Performance Review

Retirement system investments performed well in 1992-93; fixed income investments total return was at 16.8% as compared to a Lehman/Corporate return of 13.2% and a Salomon Brothers High Grade Index return of 16.3%. Equities outperformed both the Standard and Poor's 500 and the Dow Jones Industrial Average at an annual rate of 20.2% as compared to 13.6% and 9.2% rates, respectively, for those two benchmarks. The overall return rate for all system investments was 16.6%. Realized investment income was down from 1991-92 at a weighted average rate of 8.03% as compared to 8.6% last year. Purchases, exclusive of temporary investments, for the year totaled \$2.742 billion at an average annual return rate of 5.97%. This return rate dropped significantly from the 7.23% rate of 1991-92--again, a reflection of depressed interest rates. Sales, calls and maturities totaled \$1.589 billion. A net gain of \$242.6 million was realized from these dispositions, which increased overall realized earning for the year to \$805 million for a total annual realized income return of 11.49%. As in the past year, much of the realized capital gains resulted from sales of "South Africa" securities mandated by state law. While significant gains were realized on these sales, many of the fixed income securities sold carried high coupon rates. Reinvestment of that income was at much lower current yield rates. Thus, in the long run, these forced sales may well work to the disadvantage of the investment program.

Investment Diversification

The Board of Trustees recognizes the need to continue to seek out new avenues of investment for an ever-increasing fund. Accordingly, the Board continues, primarily through its investment consultant--DeMarche Associates, Inc.--to entertain new ideas and to hear from investment professionals. Unquestionably, the coming years will see the investment program further expanding to encompass additional types of investments. In doing so, the Board will be ever-mindful of the need to maintain a sound, conservative plan which can always pay the benefits promised to its members--the career teachers in Missouri public schools.

Schedule of Investment Income

For 1993 and 1992

1993

1992

GOVERNMENT BONDS:

Interest Received

Add: Accrued at End of Year

Net Premium/Discount Accumulation

Less: Accrued at Beginning of Year

Net Income

CORPORATE BONDS:

Interest Received

Add: Accrued at End of Year

Net Premium/Discount Accumulation

Gain on Sale—Corporate Bonds

Less: Accrued at Beginning of Year

Accrued Interest Purchased

Net Income

GNMA MORTGAGE POOLS:

Interest Received

Add: Gain on Sale of GNMA Loans

Accrued at End of Year

Net Discount Accumulation and Gain on Sales

Less: Accrued at Beginning of Year

Accrued purchased during year

Net Income

FHA/VA MORTGAGE LOANS:

Interest Received

Add: Discount Accumulation

Net Income

MISCELLANEOUS INVESTMENT INCOME:**COMMON AND PREFERRED STOCK:**

Dividends Received

Add: Accrued at End of Year

Gain on Sale

Less: Accrued at Beginning of Year

Net Income

TEMPORARY INVESTMENTS:

Interest Received

Add: Accrued at End of Year

Less: Accrued at Beginning of Year

Net Income

SECURITY LENDING FEES:

Amount Received

REPURCHASE AGREEMENTS & DELAYED PURCHASES

Interest Earned

ZERO COUPON BONDS:

Realized Discount/Gain on Sale

PRO CAPP BONDS:

Interest Received

Add: Accretion of Accrued Interest

Accrued Interest at End of Year

Gain on Sale of Pro Capp Bonds

Less: Accrued Interest at Beginning of Year

Realized Accretion

Net Income

TOTAL INVESTMENT INCOME

\$	52,228,703.67	\$	48,498,886.80
	13,570,604.37		19,911,577.39
	-0-		-0-
\$	65,799,308.04	\$	68,410,464.19
	19,911,577.39		12,007,134.35
\$	45,887,730.65	\$	56,403,329.84
\$	298,086,035.23	\$	258,356,130.58
	68,611,086.37		57,551,659.67
	6,404,616.63		3,984,233.52
	65,524,558.60		28,948,013.62
\$	438,626,296.83	\$	348,840,037.39
	57,551,659.67		54,535,766.16
	10,870,434.36		12,246,036.62
\$	370,204,202.80	\$	282,058,234.61
\$	77,421,673.32	\$	90,161,672.35
	80,041.19		-0-
	8,930,572.68		10,554,413.33
	4,308,439.73		3,704,324.31
\$	90,740,726.92	\$	104,420,409.99
	10,554,413.33		10,258,445.73
	-0-		256,506.04
\$	80,186,313.59	\$	93,905,458.22
\$	60,814.71	\$	106,685.73
	78,084.06		81,468.19
\$	138,898.77	\$	188,153.92
	-0-	\$	26,011.33
\$	44,441,326.48	\$	42,366,051.67
	3,860,610.86		3,180,964.25
	171,347,908.98		70,492,534.60
\$	219,649,846.32	\$	116,039,550.52
	3,180,964.25		3,188,794.02
\$	216,468,882.07	\$	112,850,756.50
\$	18,248,037.77	\$	24,211,379.67
	1,145,422.74		1,463,978.85
\$	19,393,460.51	\$	25,675,358.52
	1,463,978.85		2,112,186.09
\$	17,929,481.66	\$	23,563,172.43
\$	2,202,503.90	\$	795,589.73
\$	54,635.18	\$	91,333.61
\$	71,758,353.99	\$	87,781,025.35
\$	3,394,257.47	\$	2,149,376.62
	-0-		282,663.85
	230,749.99		-0-
	-0-		-0-
\$	3,625,007.46	\$	2,432,040.47
	-0-		249,007.41
	1,098,194.00		-0-
\$	2,526,813.46	\$	2,183,033.06
\$	807,357,816.07	\$	659,846,098.60

Securities Listing

June 30, 1993

US GOVERNMENT BONDS PUBLIC ISSUE

	Par Value	Cost Value	Market Value
Advanta Home Equity Ln. Tr. 6.15% Due 10-09	\$ 14,000,000	\$ 13,982,656.25	\$ 14,074,200.00
American Southwest Financial Corp 8.9% Due 3-18	20,385,769	17,920,364.97	21,213,838.83
Collateralized Mtg. Secs.	5,000,000	4,399,218.75	5,159,350.00
Community Program Loan Trust 1987 4.5% Due 10-18	29,000,000	15,002,860.00	22,261,270.00
Cooperative Utilities Trust 9.52% Due 3-19	1,750,000	1,743,238.13	2,074,415.00
FBC Mtg. Secs. Trust 8.85% Due 7-18	10,733,592	9,720,606.26	10,804,001.03
Federal Agri. Mortgage Corp. 7.71% Due 7-01	3,000,000	3,000,000.00	3,249,360.00
Federal Agri. Mortgage Corp. 7.92% Due 10-04	2,300,000	2,300,000.00	2,507,713.00
Federal Home Loan Bank 9.5% DTD 9.5% Due 12-98	5,000,000	5,000,000.00	5,940,500.00
Federal Home Loan Banks 9.15% Due 10-96	4,750,000	4,601,705.88	5,392,390.00
Federal Home Loan Mortgage Due 8-01	140,740	140,069.29	148,028.57
Federal Home Loan Mortgage Corp. 6.55% Due 4-03	5,000,000	4,992,187.50	5,078,100.00
Federal Home Loan Mortgage Corp. 6.0% Due 12-20	10,399,944	8,761,952.82	10,019,618.05
Federal Home Loan Mortgage Corp. 7.5% Due 11-06	7,150,000	7,014,820.31	7,565,558.00
Federal Home Loan Mortgage Corp. 7.0% Due 3-09	4,500,000	4,037,343.75	4,541,445.00
Federal Home Loan Mortgage Corp. 7.0% Due 12-06	10,000,000	9,039,062.50	10,337,500.00
Federal Home Loan Mortgage Corp. 7.5% Due 7-20	34,000,000	33,628,125.00	36,082,500.00
Federal Home Loan Mortgage Corp. 8.0% Due 8-22	31,000,000	30,627,031.25	31,997,580.00
Federal Home Loan Mortgage Corp. 7.0% Due 9-22	28,875,000	25,897,265.63	28,455,157.50
Federal Home Loan Mortgage Corp. 7.0% Due 5-22	19,500,000	17,428,125.00	18,396,885.00
Federal Home Loan Mortgage Corp. 6.0% Due 8-06	10,000,000	9,600,000.00	9,571,800.00
Federal Home Loan Mortgage Corp. 7.5% Due 12-22	40,000,000	37,993,750.00	39,937,200.00
Federal Home Loan Mortgage Corp. 7.5% Due 1-23	45,000,000	42,412,500.00	45,581,463.00
Federal Home Loan Mortgage Corp. 7.5% Due 1-23	25,791,074	23,416,075.28	25,629,881.06
Federal Home Loan Mortgage Corp. 7.5% Due 4-23	18,277,340	17,859,912.12	18,174,440.06
Federal Home Loan Mortgage Corp. 7.5% Due 9-22	22,211,211	18,828,246.14	21,624,616.70
Federal Home Loan Mtg. 8.45% DTD Due 8-96	5,000,000	4,995,268.97	5,017,200.00
Federal National Mortgage Due 9-06	9,995,325	9,120,734.06	10,760,567.08
Federal National Mortgage Assn. 6.8% Due 10-02	3,850,000	3,694,255.69	4,037,379.50
Federal National Mortgage Assn. 6.38% Due 6-03	7,500,000	7,497,656.25	7,856,250.00
Federal National Mortgage Assn. 6.8% Due 1-03	1,000,000	998,593.75	1,043,440.00
Federal National Mortgage Assn. 6.1% Due 2-00	2,000,000	1,998,120.00	2,055,000.00
Federal National Mortgage Assn. 7.0% Due 7-22	38,300,000	34,278,500.00	36,372,744.00
Federal National Mortgage Assn. 7.5% Due 2-23	27,303,099	26,465,678.03	23,992,599.04
Federal National Mortgage Assn. 8.5% Due 9-01	13,100,000	13,443,875.00	13,808,186.00
Federal National Mortgage Assn. 7.0% Due 9-18	10,795,000	10,412,114.84	11,243,640.20
Federal National Mortgage Assn. 7.0% Due 11-19	25,000,000	23,800,781.25	26,101,500.00
Federal National Mortgage Assn. 8.5% Due 1-11	13,452,800	13,461,208.00	14,243,152.00
Federal National Mortgage Assn. 7.5% Due 7-22	34,000,000	32,342,500.00	33,861,620.00
Federal National Mortgage Assn. 7.05% Due 10-96	5,000,000	5,000,000.00	5,360,950.00
Federal National Mortgage Assn. 7.5% Due 2-02	5,000,000	5,140,625.00	5,493,750.00
Federal National Mortgage Assn. 7.55% Due 4-02	5,000,000	5,000,000.00	5,453,100.00
Federal National Mortgage Assn. 8.7% Due 6-99	5,000,000	5,000,000.00	5,812,500.00
Federal National Mortgage Assn. 9.55% Due 3-99	5,000,000	4,983,899.51	6,009,350.00
Federal National Mortgage Assn. 7.5% Due 5-15	1,741,066	1,720,931.52	1,811,784.63
Federal National Mortgage Assn. 8.0% Due 11-14	4,277,094	4,325,207.91	4,496,291.22
Federal National Mortgage Assn. 7.5% Due 6-15	1,488,486	1,471,272.56	1,548,945.33
Federal National Mortgage Assn. 7.5% Due 6-15	745,376	736,754.68	775,650.10
Federal National Mortgage Assn. 7.5% Due 6-15	861,567	851,602.11	897,637.62
Federal National Mortgage Assn. 7.5% Due 1-15	1,876,877	1,855,172.94	1,955,459.03
Federal National Mortgage Assn. 8.0% Due 11-14	504,318	509,987.39	530,159.95
Federal National Mortgage Assn. 7.5% Due 6-15	1,994,304	1,971,240.29	2,075,307.82
Federal National Mortgage Assn. 7.0% Due 8-16	10,000,000	10,228,125.00	10,387,500.00
Federal National Mtg. Deb. 9.65% Due 8-20	25,000,000	24,718,750.00	29,023,500.00
Federal National Mtg. Assn. 9.05% Due 5-21	15,000,000	14,939,062.50	17,212,500.00
Federal National Mtg. Assn. 8.35% Due 11-99	5,000,000	4,993,351.47	5,743,750.00
Federal National Mtg. Assn. 8.95% Due 7-97	1,500,000	1,484,088.55	1,720,305.00
Federal National Mtg. Assn. 9.05% Due 4-00	5,000,000	4,962,109.37	5,931,250.00
FHLMC Multiclass Mtg. Partn. Cfs. 8.75% Due 1-06	4,000,000	3,902,500.00	4,225,000.00
FHLMC Multiclass Mtg. Partn. Cfs. 9.0% Due 12-99	5,000,000	4,886,718.75	5,175,000.00
FHLMC Remic. Ser. 9.0% Due 2-03	12,250,000	11,955,234.37	13,050,047.50
Financing Corp 9.8% Due 4-18	6,500,000	6,831,633.57	8,541,390.00
FNMA Cap. Deb. 9.4% Due 8-98	5,000,000	4,994,362.63	5,904,700.00
FNMA Cap. Deb. 9.4% Due 8-98	4,500,000	4,494,926.37	5,314,230.00
FNMA Gtd. Remic. 9.0% Due 1-15	3,000,000	2,919,375.00	3,128,430.00
International Bank 8.4% Due 2-17	23,000,000	20,756,669.38	26,928,400.00

US GOV. BONDS (cont.)

Israel U S Govt. Notes 5.25% Due 3-98
 P B Coll. Mtge. Oblig. Trust 8.485% Due 10-20
 P-B CMO Tr. 8 Coll Mtg. Obl.
 Prudential Secs. 8.6% Due 5-21
 Residential Fdg. Mtg. Secs. 8.5% Due 9-21
 Resolution Tr. Corp. 8.839% Due 3-21
 Ryland Acceptance Corp. 7.95% Due 1-19
 Ryland Mtg. Secs. Corp. 9.7% Due 11-17
 Sears Mtg. Funding Trust 8.0% Due 10-14
 Tennessee Valley Auth. 8.625% Due 11-29
 Tennessee Valley Auth. 8.75% Due 10-19
 US Treas. 14.0% Due 11-11
 US Treas. 8.75% Due 11-08
 US Treas. 6.875% Due 2-94
 US Treasury Notes Due 4-97
 US Treasury Notes 6.25% Due 2-03
 US Treasury Notes 5.125% Due 4-98
 US Treasury Notes 4.25% Due 5-96
 US Treasury Notes 6.0% Due 11-97
 US Treasury Notes 6.375% Due 1-99
 US Treasury Notes 7.125% Due 10-98
 US Treasury Notes 5.5% Due 2-95
 US Treasury Notes Due 2-01
 United States of America 10.75% Due 5-03
 United States of America 11.75% Due 2-01
 United States of America 11.875% Due 11-03
 United States of America 13.375% Due 8-01
 United States of America 10.75% Due 2-03
 United States of America 11.625% Due 11-02
 United States of America 8.5% Due 5-97
 United States of America 7.25% Due 11-96
 United States of America 8.125% Due 2-98
 United States of America 8.375% Due 4-95
 United States of America 8.5% Due 2-00
 United States of America 8.625% Due 8-97
 United States of America 8.625% Due 8-97
 United States of America 8.875% Due 2-96
 United States of America 8.875% Due 11-97
 United States of America 8.875% Due 2-99
 United States of America 8.0% Due 8-99
 United States of America 9.0% Due 5-98
 United States of America 9.5% Due 5-94
 United States of America 8.625% Due 10-95
 United States of America 9.25% Due 1-96
 Westam Mortgage Financial Notes 9.23% Due 6-18
 WHC-IRS TR 6.98% Due 5-15

Total

Par Value	Cost Value	Market Value
\$ 10,000,000	\$ 9,943,700.00	\$ 10,035,900.00
21,149,946	17,790,903.06	23,618,368.21
4,500,000	3,974,062.50	4,851,540.00
18,000,000	17,139,375.00	18,987,120.00
17,375,000	17,090,291.83	17,641,011.25
11,500,000	11,453,500.00	12,348,125.00
19,735,531	16,389,484.05	20,574,302.79
1,313,418	1,302,787.79	1,318,338.60
25,000,000	21,070,312.50	26,085,750.00
17,500,000	16,783,403.46	19,953,500.00
22,500,000	21,783,950.60	24,981,975.00
12,500,000	12,041,370.73	21,419,875.00
15,000,000	16,896,362.50	18,044,550.00
2,000,000	1,985,312.50	2,042,180.00
10,000,000	10,028,600.00	10,739,100.00
7,000,000	6,933,430.00	7,240,590.00
5,000,000	5,010,280.00	5,020,300.00
15,000,000	14,982,031.25	14,962,500.00
2,500,000	2,477,343.75	2,608,200.00
10,000,000	9,792,745.54	10,567,200.00
7,000,000	6,900,468.75	7,649,670.00
10,000,000	9,883,984.38	10,248,400.00
15,000,000	14,832,031.25	17,034,300.00
50,000,000	47,786,387.29	68,383,000.00
50,000,000	50,540,560.99	69,226,500.00
50,000,000	49,641,431.41	73,172,000.00
50,000,000	51,999,771.74	75,179,500.00
25,000,000	24,672,538.73	34,019,500.00
50,000,000	51,447,571.71	71,062,500.00
10,000,000	9,953,652.94	11,312,500.00
12,500,000	12,160,156.25	13,519,500.00
10,000,000	9,795,433.47	11,292,200.00
10,000,000	9,831,182.69	10,754,700.00
5,000,000	4,989,843.75	5,857,800.00
10,000,000	9,882,204.87	11,412,500.00
7,500,000	7,410,729.17	8,559,375.00
10,000,000	10,571,002.56	11,126,600.00
10,000,000	9,859,031.15	11,548,400.00
20,500,000	22,491,250.00	24,138,750.00
15,000,000	14,765,692.84	17,090,550.00
5,000,000	4,990,241.24	5,854,700.00
2,500,000	2,511,096.76	2,626,175.00
12,500,000	12,374,844.36	13,720,750.00
10,000,000	9,986,366.63	11,182,800.00
13,256,261	11,992,769.23	13,446,748.55
6,625,000	6,625,000.00	6,815,468.75
	\$ 1,425,254,494.76	\$ 1,669,994,289.97

US GOVERNMENT SECURITIES**ZERO COUPONS**

	Par Value	Cost Value	Market Value
Certificate of Accrual US Treas. Secs. Due 11-03	\$ 164,063,000	\$ 48,236,467.24	\$ 85,371,822.68
Certificate of Accrual US Treas. Secs. Due 11-98	75,000,000	38,340,988.32	56,505,000.00
Certificate of Accrual US Treas. Secs. Due 8-99	70,312,000	29,800,707.32	50,365,891.84
Certificate of Accrual US Treas. Secs. Due 8-00	70,312,000	26,150,917.24	47,000,759.52
Certificate of Accrual US Treas. Secs. Due 8-01	70,312,000	22,957,245.76	43,750,938.88
Certificate of Accrual US Treas. Secs. Due 8-02	70,312,000	20,178,626.06	40,397,056.48
Certificate of Accrual US Treas. Secs. Due 2-01	75,000,000	29,513,645.94	48,374,250.00
Certificate of Accrual US Treas. Secs. Due 2-02	53,500,000	18,578,041.95	31,900,445.00
Certificate of Accrual US Treas. Secs. Due 2-06	75,000,000	16,478,503.40	32,880,750.00
Certificate of Accrual US Treas. Secs. Due 8-06	75,000,000	15,545,907.64	31,581,000.00
Coupon Treas. Rcpt. Due 5-96	7,262,500	5,723,584.17	6,387,514.00
Coupon Treas. Rcpt. Due 11-98	2,184,570	1,298,284.24	1,645,855.04
Coupon Treas. Rcpt. Due 2-99	59,580,000	29,353,949.72	44,100,520.20
Coupon Treas. Rcpt. Due 8-07	92,940,000	20,358,389.12	36,041,202.60
Federal National Mortgage Assoc. Due 10-19	180,000,000	21,400,134.98	25,986,600.00
Federal National Mortgage Assoc. Due 7-14	250,000,000	47,826,000.00	53,360,000.00
Federal National Mortgage Assoc. Due 3-02	24,000,000	19,502,000.00	19,942,560.00
Federal National Mortgage Assoc. Due 2-01	5,000,000	2,618,708.67	3,129,000.00
Financing Corp Cpn. Due 8-93	2,400,000	2,296,210.37	2,393,352.00
Government Trust Cfts. Due 5-02	10,000,000	4,603,000.33	5,844,400.00
Principal Treas. Rcpt Due 5-04	187,500,000	49,921,482.94	93,547,500.00
Resolution Fdg. Corp. Due 4-11	59,658,000	13,754,022.82	17,066,960.64
Resolution Funding Corp. Due 4-10	37,750,000	8,451,424.63	11,757,237.50
Resolution Funding Corp. Due 10-10	37,750,000	8,087,576.03	11,280,077.50
Resolution Funding Corp. Due 1-10	37,750,000	8,452,417.49	12,002,235.00
Resolution Funding Corp. Due 7-10	37,750,000	8,088,336.08	11,517,525.00
Resolution Funding Corp. Due 1-11	59,658,000	13,753,052.35	17,430,277.86
Resolution Funding Corp. Due 7-11	59,658,000	13,204,083.90	16,712,592.12
Resolution Funding Corp. Due 10-11	59,658,000	13,205,060.38	16,390,438.92
United States of America Treas. Sec. Due 8-02	10,000,000	4,825,346.39	5,825,800.00
United States of America Treas. Sec. Due 5-05	25,000,000	8,437,221.26	11,833,750.00
United States of America Treas. Sec. Due 2-99	7,500,000	4,346,834.82	5,585,325.00
United States of America Treas. Sec. Due 2-09	100,000,000	23,351,616.75	34,859,000.00
United States of America Treas. Sec. Due 8-05	75,000,000	25,871,633.57	34,818,750.00
United States of America Treas. Sec. Due 8-06	50,000,000	16,248,840.13	21,405,000.00
United States Treasury Bond Due 11-14	100,000,000	24,106,086.15	32,727,000.00
United States Treas. Due 5-07	84,000,000	24,246,931.42	33,805,800.00
United States Treas. Due 5-08	100,000,000	26,169,983.88	37,097,000.00
Total		\$ 715,283,263.46	\$ 1,092,621,187.78

GUARANTEED INSURANCE CONTRACT

Hancock, John Mutual Life Ins. Group	\$ 5,000,000	\$ 5,187,420.00	\$ 5,187,420.00
Mutual Life Insurance Co. of New York	5,000,000	5,137,225.00	5,137,225.00
Mutual of New York	5,000,000	5,217,410.00	5,217,410.00
Penn Mutual Life Co.	2,500,000	2,500,000.00	2,500,000.00
State Mutual Life Assurance Co.	5,000,000	5,249,555.00	5,249,555.00
Total		\$ 23,291,610.00	\$ 23,291,610.00

**CORPORATE BONDS—PUBLIC ISSUE
FINANCE**

Aetna Life & Casualty Co. 8.0% Due 1-17
 Allstate Corp. Deb. 7.5% Due 6-13
 American General Corp. 9.625% Due 2-18
 American Housing Trust 8.25% Due 6-20
 American Hsg. Trust 8.5% Due 6-04
 Banc One Corp. 9.875% Due 3-09
 Bankamerica Corp. 7.875% Due 12-03
 Bankamerica Corp. 7.875% Due 12-03
 Bankamerica Corp. 8.75% Due 5-01
 Beneficial Corp. 7.05% Due 10-02
 Berkley (W.R.) Corp. 9.875% Due 5-08
 Capital Holdings Corp. 8.75% Due 1-17
 Capstead Secs. Corp. 9.2% Due 11-21
 Capstead Secs. Corp. 9.35% Due 3-19
 Carco Auto Loan Due 3-98
 Chemical Bk. N.Y. N.Y. 7.0% Due 6-05
 Chemical New York 8.25% Due 8-02
 Chemical New York 8.4% Due 4-99
 Cigna Corp. 7.4% Due 1-03
 Cigna Corp. 8.3% Due 1-23
 Cigna Corp. 7.65% Due 3-23
 Cigna Corp. 8.25% Due 1-07
 Commercial Cr. Group Inc. 10.0% Due 5-09
 Crocker National Corp. 8.6% Due 12-02
 Discover Card Trust 6.8% Due 6-00
 Discover Credit Card 9.14% Due. 3-12
 First Boston Mortgage Secs. Corp. 7.5% Due 9-22
 Goldman Sachs Group 8.46% Due 1-13
 Goldman Sachs Group 9.5% Due 5-06
 Household Finance Corp. 4.75% 11-09
 Manufacturers Hanover Corp. 8.125% Due 8-07
 MBIA Inc. Corp. 9.0% Due 2-01
 McDonalds Corp. 8.75% Due 11-00
 Mellon Bank NA 6.75% Due 6-03
 Paine Webber Mtg. Oblig. Inc. Due 3-14
 Progressive Corp. 8.75% Due 3-17
 Prudential Securities 8.2% Due 9-22
 Railcar Trust 7.75% Due 6-04
 RCSB 1991-A Grantor Trust 7.75% Due 11-96
 Salomon Inc. 7.5% Due 2-03
 Salomon Inc. #TR00079 6.75% Due 2-00
 Societe Generale New York 9.25% Due 9-99
 Standard Credit Card 7.875% Due 11-98
 Standard Credit Card 9.0% Due 3-95
 Torchmark Corp. 8.625% Due 3-17
 Torchmark Corp. 7.875% Due 5-23
 Transamerica Financial Corp. 6.5% Due 3-11
 Travelers Corp. 9.5% Due 3-02
 United States Leasing Intl. 6.625% Due 5-03

Total

Par Value	Cost Value	Market Value
\$ 18,620,000	\$ 16,097,230.77	\$ 19,433,321.60
27,500,000	27,434,825.00	27,717,250.00
9,000,000	8,366,546.47	10,534,860.00
22,500,000	22,113,281.25	22,844,531.25
10,000,000	9,560,937.50	10,475,000.00
20,000,000	19,579,008.48	25,309,200.00
5,000,000	4,969,339.70	5,088,250.00
10,250,000	10,252,812.50	10,430,912.50
4,897,000	4,863,006.54	4,963,550.23
10,000,000	10,000,000.00	10,493,000.00
12,500,000	12,107,817.64	15,477,875.00
18,500,000	17,856,515.00	19,637,565.00
6,736,000	6,664,430.00	7,123,320.00
3,460,000	3,372,418.75	3,784,375.00
15,800,000	15,396,922.78	17,058,944.00
10,000,000	10,079,800.00	10,178,200.00
7,000,000	6,855,525.35	7,114,170.00
3,000,000	3,000,000.00	3,021,180.00
10,100,000	10,036,572.00	10,571,064.00
9,250,000	9,179,052.50	9,981,212.50
10,500,000	10,412,850.00	10,566,045.00
10,000,000	10,000,000.00	11,097,400.00
5,000,000	6,242,450.00	6,376,700.00
10,000,000	9,763,980.59	10,214,300.00
10,000,000	10,013,635.25	10,478,100.00
9,000,000	9,000,000.00	10,105,560.00
18,635,000	18,923,260.16	19,001,876.56
15,000,000	15,000,000.00	16,540,950.00
22,500,000	22,500,000.00	27,656,100.00
25,505,101	25,449,308.54	25,632,626.44
10,000,000	9,749,889.01	10,302,000.00
8,600,000	9,039,044.00	9,968,948.00
5,000,000	4,991,800.00	5,795,600.00
11,920,000	11,857,627.10	12,110,600.80
2,366,938	2,361,018.04	2,366,935.37
13,500,000	13,230,270.00	14,234,130.00
14,461,082	13,908,796.95	14,899,435.58
23,329,041	23,750,655.82	25,486,977.29
2,641,436	2,630,695.66	2,717,367.45
10,000,000	9,930,700.00	10,465,500.00
5,850,000	5,798,695.50	5,930,437.50
13,500,000	13,428,329.39	14,263,155.00
24,575,000	25,708,677.50	26,832,705.25
5,000,000	4,972,174.92	5,351,550.00
25,000,000	24,934,165.42	26,463,500.00
17,000,000	16,816,400.00	17,540,600.00
39,000,000	31,323,700.00	35,474,010.00
15,000,000	15,000,000.00	17,212,500.00
21,750,000	21,600,795.00	21,835,912.50
	\$ 626,124,961.08	\$ 678,159,303.82

CORPORATE BONDS—PUBLIC ISSUE

UTILITIES

Alabama Power Co. 6.85% Due 8-02
Alabama Power 1st Mtge. 8.75% Due 12-21
American Telephone & Telegraph Co. 7.125% Due 1-02
Appalachian Power Co. 8.34% Due 2-22
Appalachian Pwr. Co. 8.5% Due 12-22
Baltimore Gas & Elec. Co. 6.5% Due 2-03
Baltimore Gas & Elec. Co. 6.5% Due 2-03
Baltimore Gas & Elec. Co. 7.5% Due 1-17
Bellsouth Telecommunications 6.25% Due 5-03
Bellsouth Telecommunications 7.875% Due 8-32
Carolina Power & Light Co. 7.875% Due 4-04
Carolina Pwr. & Lt. Co. 8.2% Due 7-22
Carolina Pwr. & Lt. Co. 9.0% Due 4-22
Central Power & Light Co. 7.125% Due 2-08
Chesapeake & Potomac Telephone 7.0% Due 8-04
Cincinnati Gas & Electric Co. 9.15% 11-04
Commonwealth Edison Co. 8.125% Due 1-07
Consolidated Edison Co. 8.05% 12-27
Consolidated Edison Co. 6.625% Due 2-02
Delmarva Power & Light Co. 7.5% Due 5-99
Duke Power Co. 7.375% Due 3-23
Duke Power Co. 8.5% Due 2-17
Duke Power Co. 7.0% Due 6-00
Duke Power Co. 9.625% Due 2-20
Florida Power & Light Co. 9.01% Due 10-21
Florida Power & Light Co. 8.5% Due 1-22
Florida Power Corp. 8.0% Due 12-22
Florida Pwr. & Lt. Co. 5.7% Due 3-98
Florida Pwr. & Lt. Co. 5.5% Due 3-98
Georgia Power Co. 6.125% Due 9-99
Houston Lighting & Power Co. 8.75% Due 3-22
Houston Lighting & Power Co. 9.0% Due 3-17
Idaho Power Co. 8.75% Due 3-27
Illinois Power Co. 8.25% Due 11-07
Kansas City Pwr. & Lt. Co. 6.5% Due 2-00
Kansas City Pwr. & Lt. Co. 6.5% Due 1-01
Kansas City Pwr. & Lt. Co. 5.6% Due 3-98
Kansas Gas & Electric Co. 5.625% Due 5-96
Michigan Bell Telephone Co. 7.85% Due 1-22
Monongahela Power Co. 8.875% Due 8-19
Monongahela Pwr. Co. 5.625% Due 4-00
Mountain States Tele. & Telegraph Co. 7.75% Due 6-13
New England Tele. & Telegraph Co. 9.0% Due 3-26
New York Tel. Co. 6.5% Due 3-05
Northern States Power Co. 9.125% Due 4-21
Northwestern Bell Telephone Co. 9.125% Due 12-30
Northwestern Bell Telephone Co. 8.625% Due 6-12
Ohio Pwr. Co. 7.85% Due 6-23
Oklahoma Gas & Electric Co. 8.375% Due 1-07
Oklahoma Gas & Electric Co. 8.625% Due 1-06
Old Dominion Electric Coop. 8.76% Due 12-22
Pacific Bell 6.25% Due 3-05
Pacific Bell 8.75% Due 8-25
Pacific Bell 7.5% Due 2-33
Pacific Bell 7.25% Due 7-02
Pacific Bell 7.0% Due 7-04
Pacific Gas & Electric Co. 9.0% Due 8-19
Pacific Gas & Electric Co. 6.91% Due 6-97
Pacific Gas & Electric Co. 7.75% Due 6-05
Pacific Gas & Electric Co. 8.25% Due 9-08
Pacific Gas & Electric Co. 7.875% Due 3-02
Pacific Northwest Bell Telephone Co. 8.625% Due 4-26
Pacific Telephone & Telegraph Co. 7.625% Due 6-09
Paramount Communications Inc. 8.25% Due 8-22

Par Value

Cost
ValueMarket
Value

\$ 5,000,000	\$ 4,925,000.00	\$ 5,108,450.00
17,500,000	17,406,550.00	19,329,625.00
2,250,000	2,225,520.00	2,381,490.00
15,000,000	14,909,250.00	17,064,300.00
20,000,000	20,000,000.00	22,144,800.00
10,000,000	9,892,584.00	10,148,600.00
10,000,000	9,909,550.00	10,148,600.00
3,500,000	3,444,385.00	3,818,115.00
5,000,000	4,977,850.00	5,026,550.00
27,500,000	26,687,375.00	29,086,750.00
5,000,000	4,965,900.00	5,596,600.00
6,000,000	5,920,080.00	6,412,260.00
25,000,000	24,712,500.00	28,253,750.00
5,000,000	4,979,500.00	5,204,750.00
5,000,000	4,964,000.00	5,300,500.00
3,000,000	3,000,000.00	3,080,400.00
25,500,000	25,335,193.42	26,369,805.00
20,000,000	19,723,400.00	21,457,200.00
5,000,000	4,949,050.00	5,119,150.00
2,500,000	2,487,850.00	2,665,925.00
27,000,000	26,501,040.00	27,093,150.00
17,000,000	16,825,960.47	17,962,880.00
8,500,000	8,247,805.00	8,855,300.00
7,000,000	6,749,820.00	7,555,590.00
12,500,000	12,500,000.00	14,750,625.00
6,000,000	5,952,420.00	6,486,300.00
24,000,000	23,940,000.00	25,653,840.00
5,000,000	5,000,000.00	5,046,850.00
5,000,000	5,000,000.00	5,006,250.00
5,000,000	4,918,100.00	5,050,850.00
17,000,000	16,855,500.00	19,436,100.00
1,305,000	1,295,593.68	1,390,581.90
7,500,000	7,500,000.00	8,370,675.00
3,500,000	3,162,641.26	3,624,320.00
3,000,000	3,000,000.00	3,074,520.00
3,500,000	3,500,000.00	3,566,150.00
3,000,000	3,000,000.00	3,003,270.00
2,500,000	2,456,750.00	2,491,175.00
25,000,000	24,575,250.00	27,262,500.00
5,500,000	5,500,000.00	5,890,995.00
3,500,000	3,426,465.00	3,461,465.00
3,000,000	3,000,000.00	3,099,930.00
22,500,000	20,948,950.00	24,000,300.00
10,000,000	9,875,000.00	9,967,100.00
13,230,000	12,965,400.00	15,080,347.80
12,500,000	11,937,500.00	14,543,250.00
12,500,000	10,904,542.45	12,925,750.00
7,650,000	7,650,000.00	7,624,066.50
6,000,000	6,078,904.12	6,274,320.00
3,250,000	3,035,671.38	3,388,547.50
15,000,000	15,000,000.00	17,056,500.00
15,000,000	14,712,850.00	14,939,400.00
35,000,000	34,216,826.59	36,211,350.00
22,500,000	22,050,000.00	22,712,625.00
5,000,000	4,979,750.00	5,347,300.00
5,000,000	4,959,800.00	5,292,850.00
20,000,000	19,113,290.00	20,695,000.00
2,500,000	2,500,000.00	2,633,825.00
3,500,000	3,485,090.00	3,589,215.00
10,000,000	8,834,442.67	10,389,700.00
2,500,000	2,475,225.00	2,745,400.00
22,000,000	20,043,494.44	23,464,320.00
5,000,000	4,677,477.65	5,138,000.00
27,500,000	27,138,100.00	28,726,225.00

UTILITIES (cont.)

Pennsylvania Power & Light Co. 8.5% Due 5-22
 Potomac Edison Co. 8.75% Due 8-21
 Public Service Co. of Indiana 8.125% Due 10-07
 Public Service Elec. & Gas Due 4-02
 Public Svc. Elec. & Gas Co. 8.25% Due 6-07
 Public Svc. Elec. & Gas Co. 8.75% Due 11-21
 San Diego Gas & Elec. Co. 8.5% Due 4-22
 San Diego Gas & Elec. Co. 7.625% Due 6-02
 South Central Bell Telephone Co. 8.25% Due 11-15
 Southern Bell Telephone & Telegraph Co. 8.25% Due 4-16
 Southern California Edison Co. 8.625% Due 4-19
 Southern New England Telephone Co. 8.7% Due 8-31
 Southern New England Telephone Co. 7.125% Due 8-07
 Southern New England Telephone 8.625% Due 8-26
 Southwestern Bell 7.875% Due 11-99
 Southwestern Bell 7.25% Due 7-00
 Southwestern Bell 7.0% Due 8-02
 Southwestern Bell Tel. Co. 7.0% Due 2-04
 Southwestern Bell Tel. Co. 5.7% Due 3-99
 Southwestern Bell Tel. Co. 6.125% Due 3-01
 Southwestern Bell Tel. Co. 8.25% Due 4-17
 US West Communications 8.875% Due 6-31
 US West Communications 7.5% Due 6-23
 Union Elec. Co. 6.75% Due 5-08
 Union Elec. Co. 6.75% Due 10-99
 United Tel. Co. Fla. 6.25% Due 5-03
 Utah Power & Light Co. 8.25% Due 9-07
 Utah Power & Light Co. 8.75% Due 12-16
 Virginia Electric & Power Co. 9.75% Due 2-19
 West Penn Power Co. 7.375% Due 8-07
 West Penn Power Co. 7.875% Due 9-22
 West Texas Utilities Co. 9.25% Due 12-19
 Western Resources Inc. 7.25% Due 7-99
 Western Resources Inc. 7.25% Due 8-02
 Wisconsin Elec. Pwr. Co. 7.7% Due 12-27
 Wisconsin Elec. Pwr. Co. 7.125% Due 3-16
 Wisconsin Elec. Pwr. Co. 8.375% Due 12-26
 Wisconsin Power & Light Co. 7.6% Due 7-05
 Wisconsin Power & Light Co. 9.3% Due 12-25

Total

Par Value

\$ 25,000,000
 11,000,000
 2,000,000
 4,950,000
 10,891,000
 10,000,000
 12,500,000
 10,000,000
 7,500,000
 26,500,000
 22,000,000
 9,000,000
 5,000,000
 21,000,000
 3,000,000
 2,500,000
 5,000,000
 1,000,000
 5,000,000
 5,000,000
 29,000,000
 25,000,000
 27,000,000
 10,000,000
 7,250,000
 5,000,000
 5,500,000
 5,500,000
 16,000,000
 5,000,000
 7,500,000
 9,899,000
 7,500,000
 2,500,000
 23,000,000
 5,000,000
 25,000,000
 2,500,000
 12,500,000

Cost Value

\$ 24,946,000.00
 10,923,000.00
 1,790,862.76
 4,568,751.00
 10,271,193.19
 9,956,800.00
 12,432,250.00
 9,882,150.00
 7,066,442.36
 24,613,891.08
 20,362,779.04
 8,986,500.00
 4,907,500.00
 19,329,219.14
 3,000,000.00
 2,500,000.00
 5,000,000.00
 1,000,000.00
 5,000,000.00
 5,000,000.00
 26,686,788.90
 24,139,500.00
 26,789,670.00
 9,997,604.22
 7,217,230.00
 4,959,750.00
 4,938,475.53
 5,231,875.00
 15,815,941.49
 4,939,700.00
 7,351,650.00
 9,465,738.85
 7,490,400.00
 2,497,500.00
 22,094,030.00
 4,920,100.00
 24,325,250.00
 2,500,000.00
 12,246,000.00

\$ 1,091,049,739.69

Market Value

\$ 27,604,750.00
 11,813,340.00
 2,066,040.00
 5,055,435.00
 11,280,679.98
 10,984,300.00
 14,121,000.00
 10,733,100.00
 7,840,950.00
 27,572,190.00
 23,315,160.00
 9,842,400.00
 5,229,250.00
 21,967,470.00
 3,331,860.00
 2,691,300.00
 5,243,750.00
 1,041,710.00
 4,990,600.00
 5,004,650.00
 30,164,640.00
 28,371,750.00
 27,443,340.00
 10,284,000.00
 7,603,147.50
 4,996,550.00
 5,737,435.00
 5,822,630.00
 17,117,600.00
 5,303,450.00
 7,854,975.00
 10,752,689.76
 7,975,500.00
 2,630,900.00
 23,747,500.00
 4,979,750.00
 26,776,500.00
 2,753,125.00
 13,347,375.00

\$ 1,189,989,120.94CORPORATE BONDS — PUBLIC ISSUE
INDUSTRIALS

Albertsons Inc. 6.17% Due 3-00
 Aluminum Company of America 7.0% Due 4-11
 Amoco Canada Petroleum Co. 7.25% Due 12-02
 Amoco 8.625% Due 12-16
 Amoco 9.875% Due 2-16
 Anheuser Busch 8.5% Due 3-17
 Archer Daniels Midland Co. 7.0% Due 5-11
 Armstrong World Inds. 8.9% Due 12-97
 Atlantic Richfield Co. 7.75% Due 12-03
 Atlantic Richfield Co. 8.25% Due 2-22
 Atlantic Richfield Co. 9.0% Due 4-21
 Becton Dickinson & Co. 9.25% Due 6-16
 Boeing Co. 7.875% Due 4-43
 Browning Ferris Inds. Inc. 8.5% Due 1-17

\$ 5,000,000
 29,800,000
 5,000,000
 17,500,000
 4,500,000
 22,500,000
 32,000,000
 2,500,000
 3,000,000
 15,000,000
 25,000,000
 25,000,000
 22,000,000
 23,000,000

\$ 5,000,000.00
 25,189,181.00
 4,982,300.00
 17,500,000.00
 4,434,705.00
 20,574,955.90
 25,960,000.00
 2,497,500.00
 3,000,000.00
 14,594,850.00
 24,380,585.00
 24,878,836.52
 22,076,560.00
 21,216,245.00

\$ 5,043,750.00
 28,698,294.00
 5,366,250.00
 19,977,300.00
 5,182,020.00
 23,690,250.00
 31,531,840.00
 2,828,450.00
 3,058,920.00
 16,534,200.00
 29,662,500.00
 26,444,250.00
 22,757,680.00
 24,371,720.00

INDUSTRIALS (cont.)

	Par Value	Cost Value	Market Value
Camino Energy Co. 9.95% Due 3-99	\$ 4,000,000	\$ 4,699,200.00	\$ 4,805,200.00
Camino Energy Co. 9.97% Due 3-97	5,000,000	5,162,452.78	5,792,750.00
Campbell Soup Co. 9.0% Due 11-97	2,000,000	1,994,800.00	2,273,060.00
Capital Cities ABC Inc. 8.75% Due 8-21	25,000,000	24,771,750.00	28,882,750.00
Dayton Hudson Corp. Due 8-11	22,500,000	22,378,275.00	26,675,100.00
Digital Equipment Corp. 8.625% Due 11-12	15,000,000	14,865,900.00	16,903,950.00
Digital Equipment Corp. 7.75% Due 4-23	13,000,000	12,560,470.00	13,156,910.00
Dillard Dept. Stores Inc. 7.375% Due 6-99	5,000,000	4,979,800.00	5,294,550.00
Dillard Dept. Stores Inc. 8.5% Due 6-96	2,500,000	2,491,625.00	2,734,500.00
Eastman Kodak Co. 8.625% Due 5-16	7,650,000	7,028,437.50	7,971,912.00
Eastman Kodak Co. 9.2% Due 6-21	22,500,000	21,940,650.00	26,716,725.00
Eastman Kodak Co. 7.25% Due 7-99	5,000,000	4,950,000.00	5,253,000.00
Eaton Corp. 8.9% Due 8-06	5,000,000	4,981,250.00	5,958,450.00
Eaton Corp. 8.5% Due 1-17	2,000,000	1,973,629.01	2,100,600.00
Exxon Capital Corp. 6.625% Due 8-02	7,500,000	7,464,450.00	7,756,425.00
General Mills Inc. 6.76% Due 2-97	5,000,000	4,992,500.00	5,275,500.00
General Mills Inc. 7.5% Due 6-00	5,000,000	5,000,000.00	5,423,600.00
General Mills Inc. 8.6% Due 6-22	27,000,000	26,948,700.00	31,037,580.00
Greater Orlando Fl. Aviation Auth. 8.0% Due 10-00	6,925,000	6,882,619.00	7,018,349.00
Greater Orlando Fl. Aviation Auth. 8.2% Due 10-12	4,000,000	4,000,000.00	4,063,720.00
Halliburton Corp. 8.75% Due 2-21	18,000,000	17,344,080.00	21,021,300.00
Hercules Inc. 8.5% Due 1-17	12,000,000	11,751,253.25	12,716,880.00
Houston Light & Power Co. 6.5% Due 4-03	10,500,000	10,463,480.25	10,532,550.00
Illinois Tool Works Inc. 5.875% Due 3-00	4,000,000	3,989,760.00	4,009,720.00
International Business Machines 6.375% Due 6-00	10,000,000	9,989,475.00	10,140,000.00
International Business Machines 6.375% Due 6-00	10,000,000	9,969,300.00	10,140,000.00
International Business Machines 7.5% Due 6-13	27,000,000	26,806,680.00	27,325,620.00
K Mart Corp. 8.25% Due 1-22	10,000,000	9,912,000.00	10,847,000.00
K Mart Corp. 7.72% Due 6-02	7,500,000	7,500,000.00	8,180,025.00
K Mart Inc. 8.13% Due 12-03	5,000,000	5,005,000.00	5,611,700.00
K Mart 8.125% Due 12-06	5,000,000	4,965,350.00	5,633,400.00
Kaiser Fund Hosp. & Health Plan 9.55% Due 7-05	11,110,000	11,283,540.30	13,560,088.50
Kerr McGee Corp. 7.0% Due 11-11	25,000,000	12,942,366.88	23,941,500.00
Limited Inc. 7.5% Due 3-23	20,000,000	19,531,800.00	19,867,000.00
Limited Inc. 9.125% Due 2-01	5,000,000	4,964,500.00	5,700,300.00
Martin Marietta Co. 7.0% Due 3-11	20,000,000	17,766,720.00	19,167,400.00
Martin Marietta Tech. 7.75% Due 4-23	15,000,000	14,957,850.00	15,238,500.00
May Department Stores Co. 10.625% Due 11-10	17,000,000	16,977,390.00	22,655,050.00
May Department Stores Co. 9.125% Due 12-16	15,000,000	15,000,000.00	15,967,800.00
McDonalds Corp. 7.375% Due 7-02	3,250,000	3,246,555.00	3,481,042.50
McKesson Corp. 8.625% Due 2-98	5,000,000	4,975,000.00	5,580,200.00
Mercantile Stores Inc. 6.7% Due 9-02	7,500,000	7,487,400.00	7,532,025.00
Mercantile Stores Inc. 8.2% Due 9-22	9,000,000	8,920,350.00	9,397,530.00
Oxy Oil & Gas USA Inc. 9.75% Due 10-00	2,927,000	2,916,786.94	2,982,349.57
Penney J C Co. Inc. 6.0% Due 5-06	25,950,000	17,742,438.00	24,652,500.00
Penney J C Inc. 8.25% Due 8-22	22,000,000	21,887,580.00	23,397,440.00
PPG Inds. Inc. 9.0% Due 5-21	15,000,000	14,800,500.00	17,820,600.00
RJR Nabisco Inc. 8.375% Due 2-17	24,000,000	23,385,640.65	25,405,680.00
Sears Roebuck & Co. 9.1% Due 2-12	17,500,000	17,500,000.00	19,699,050.00
Sears Roebuck & Co. 7.0% Due 11-01	25,000,000	14,562,805.49	24,999,000.00
Service Corp. International 10.0% Due 10-18		25,000,000.00	31,343,750.00
Sun Co. Inc. 7.125% Due 5-02	1,393,000	1,383,944.61	1,397,346.16
Temple Inland Inc. 8.125% Due 12-06	22,050,000	22,162,603.50	24,738,777.00
Texas Instruments 8.75% Due 4-07	4,000,000	4,000,000.00	4,618,840.00
Times Mirror Co. 7.125% Due 3-13	2,500,000	2,462,500.00	2,494,425.00
Toys R Us Inc. 8.75% Due 9-21	12,500,000	12,500,000.00	14,608,500.00
Toys R Us Inc. 8.25% Due 2-17	2,500,000	2,460,625.00	2,645,125.00
Wal Mart Stores Inc. 10.875% Due 8-00	20,000,000	20,000,000.00	22,793,400.00
Wal Mart Stores Inc. 6.125% Due 10-99	5,000,000	4,896,100.00	5,077,350.00
Westvaco Corp. 8.3% Due 8-22	25,000,000	25,000,000.00	26,720,750.00
Weyerhaeuser Co. 7.5% Due 3-13	5,000,000	5,000,000.00	5,142,400.00
Woolworth Corp. 8.5% Due 1-22	13,750,000	13,670,937.50	15,439,875.00
Total		\$ 913,434,539.08	\$ 1,044,465,843.53

TRANSPORTATION

Canadian National Railroad 7.625% Due 5-23
 Consolidated Rail Corp. 6.86% Due 12-07
 Norfolk & Western Railway Co. 8.125% Due 11-03
 Norfolk & Western Railway Co. 8.125% Due 11-04
 Norfolk Southern 7.75% Due 8-03
 Norfolk Southern 9.00% Due 3-21
 Southern Railway Co. 8.5% Due 10-01
 Transcanada Pipelines Ltd. 8.5% Due 3-23
 Union Pacific Corp. 7.875% Due 2-02
 Union Pacific Corp. 9.0% Due 6-99
 Union Pacific Corp. 8.625% Due 5-22
 Union Pacific Corp. 8.5% Due 1-17
 Union Tank Car Co. 8.5% Due 1-94

Total**Par Value**

\$ 9,000,000
 12,000,000
 3,420,000
 3,000,000
 2,000,000
 9,000,000
 7,500,000
 12,500,000
 3,000,000
 5,000,000
 15,000,000
 21,000,000
 437,000

Cost Value

\$ 8,887,500.00
 12,069,460.00
 3,344,173.36
 2,929,850.01
 1,932,100.00
 8,771,670.00
 7,405,651.00
 12,472,000.00
 3,000,000.00
 4,953,100.00
 14,886,750.00
 19,334,600.00
 437,000.00
\$ 100,423,854.37

Market Value

\$ 9,107,550.00
 12,772,680.00
 3,916,994.40
 3,465,270.00
 2,217,240.00
 10,923,750.00
 7,660,350.00
 13,701,250.00
 3,303,510.00
 5,405,150.00
 16,263,000.00
 22,248,450.00
 444,782.97
\$ 111,429,977.37

UTILITIES

General Tel Co. Northwest Inc. 7.125% Due 6-99
 General Telephone Co. 4.75 % Due 5-95
 Salt Grass Pwr. Inc. 8.5% Due 1-98
 United Telephone Co. Missouri 5.625% Due 5-97

Total

\$ 2,500,000
 1,649,662
 744,000

\$ 2,500,000.00
 750,000.00
 1,649,661.45
 744,000.00
\$ 5,643,661.45

\$ 2,500,000.00
 750,000.00
 1,649,661.45
 744,000.00
\$ 5,643,661.45

MISCELLANEOUS

Engledale Inc. 5.75% Due 2-99
 Flying Cloud Pptys Inc. 7.75% Due 9-94
 Fourth Swansea Properties Inc. 6.375% Due 2-93
 FPL Group Capital Inc. 8.875% Due 3-17
 Geico Pptys. Inc. 8.25% Due 6-04
 Gemstone Corp. 7.5% Due 9-94
 Gemstone of Del. Inc. 8.125% Due 9-04
 Harvard Univ. Ma Taxable 8.125% Due 4-07
 Hydro Quebec 8.4% Due 1-22
 Loews Corp. 7.625% Due 6-23
 Minneapolis & St. Paul Mn. Met. Arpts. 8.95% Due 1-22
 Nova Scotia Prov. Cda. 8.25% Due 7-22
 Quebec Province Canada 7.5% Due 7-02
 Ryder System Inc. 8.375% Due 2-17
 Waste Management Inc. 4.625% Due 4-96
 Waynesdale Inc. 6.875% Due 1-00
 Wyoming Cmnty. Dev. Auth. 6.85% Due 6-10

Total

\$ 489,067
 751,524
 96,736
 10,000,000
 3,243,579
 60,410
 576,300
 23,500,000
 33,000,000
 25,000,000
 20,000,000
 28,000,000
 10,000,000
 17,500,000
 20,000,000
 847,200
 12,000,000

\$ 489,062.14
 751,522.75
 96,732.68
 9,126,300.00
 3,243,575.33
 60,407.36
 576,300.00
 26,244,325.00
 32,657,520.00
 24,637,250.00
 20,511,074.50
 26,894,000.00
 10,272,300.00
 16,987,978.05
 19,903,200.00
 847,196.84
 12,000,000.00
\$ 205,298,744.65

\$ 489,062.14
 751,522.75
 96,732.68
 10,572,300.00
 3,243,575.33
 60,407.36
 576,300.00
 26,617,275.00
 36,332,340.00
 25,299,500.00
 22,906,200.00
 30,116,800.00
 10,668,400.00
 18,350,850.00
 19,923,200.00
 847,196.84
 12,000,000.00
\$ 218,851,662.10

	Par Value	Cost Value	Market Value
INDUSTRIALS			
Jones & Laughlin Steel Corp. 4.75% Due 4-87	\$ 1,680,692	\$ 999,662.47	\$ 999,662.47
NAB Properties Inc. 7.5% Due 9-03	1,249,228	1,680,690.02	1,680,690.02
Pipco Corp. 6.75% Due 6-00	1,000,000	1,249,223.41	1,249,223.41
St. Louis County Water Co. 6.25% Due 6-97		1,000,000.00	974,710.00
Total		\$ 4,929,575.90	\$ 4,904,285.90
FINANCE			
PHL Funding I Inc. 9.25% Due 7-16	\$ 4,545,830	\$ 3,979,010.46	\$ 5,468,860.78
Total		\$ 3,979,010.46	\$ 5,468,860.78
TRANSPORTATION			
Missouri Pac RR Co. 9.0% Due 3-94	\$ 497,970	\$ 497,968.54	\$ 497,968.54
Total		\$ 497,968.54	\$ 497,968.54

GNMA Mortgage Pools

	Amortized Cost	Market Value
8.75%-12.5% GNMA Loans	\$689,290,002.53	\$769,475,241.34

FHA/VA Mortgages

	Amortized Cost	Market Value
4.75%-5.62% FHA/VA Loans *No market quotations available	\$668,978.98	\$668,978.98

Temporary

	Amortized Cost	Market Value
Temporary Investments	\$356,811,663.03	\$356,811,663.03

COMMON STOCKS

	Accumulated Shares	Cost Value	Market Value
A L Laboratories Inc.	6,200	\$ 171,506.60	\$ 168,175.00
A P Green Industries Inc.	18,800	405,385.00	378,350.00
ABN Amro Holdings	11,500	330,623.80	333,983.00
Ace Ltd.	184,100	4,871,656.01	5,476,975.00
Axiom Corp.	10,000	73,750.00	172,500.00
Advanced Micro Devices Inc.	56,800	1,252,418.97	1,370,300.00
Advanta Corp Cl B	8,700	221,682.30	334,950.00
Aerovox Inc.	15,000	44,400.00	105,000.00
Aes. Corp.	22,600	617,055.05	683,650.00
Aetna Life & Casualty Co.	250,000	11,523,275.53	13,843,750.00
Aetna Life & Casualty Co.	134,900	6,430,215.51	7,470,087.50
Aetna Life & Casualty Co.	14,900	735,120.50	825,087.50
Aflac Inc.	29,000	789,408.98	822,875.00
Ahmanson H F & Co.	304,800	5,482,940.64	5,295,900.00
Akzo N V Sponsored ADR	175,000	7,168,912.50	6,956,250.00
Alberto Culver Co. Cl A	1,700	37,289.50	36,550.00
Alberto Culver Co Class B Convertible	10,000	231,308.33	258,750.00
Albertsons Inc.	90,000	2,381,625.00	4,860,000.00
Allegheny Ludlum Corp.	16,000	583,822.60	714,000.00
Allegheny Ludlum Corp.	3,900	169,742.50	174,037.50
Allen Group Inc.	4,300	180,436.60	192,962.50
Allstate Corp.	3,100	83,700.00	89,900.00
Amax Gold Inc.	35,000	298,120.00	328,125.00
American Bankers Insurance Group Inc.	8,900	240,335.30	240,300.00
American Electric Power Co. Inc.	130,795	3,818,494.28	4,937,511.25
American Greetings Corp. Com. Cl A	200,000	6,911,675.00	11,450,000.00
American International Group Inc.	53,300	4,306,965.67	6,875,700.00
American International Group Inc.	40,000	3,369,529.24	5,160,000.00
American Power Conversion Corp.	26,200	576,675.00	995,600.00
American Telephone & Tele.	150,000	6,564,114.00	9,450,000.00
American Telephone & Telegraph Co.	154,600	6,600,038.50	9,739,800.00
Amgen Inc.	200,000	11,548,115.16	7,300,000.00
Amoco Corp.	360,000	12,359,502.06	19,755,000.00
Amoco Corp.	100,000	4,950,212.90	5,487,500.00
AMP Inc.	100,000	5,605,438.00	6,125,000.00
AMP Inc.	110,000	5,223,982.50	6,737,500.00
Anadarko Petroleum Corp.	35,500	1,250,082.20	1,428,875.00
Angelica Corp.	17,500	456,441.72	417,812.50
Anheuser Busch Companies Inc.	500,000	3,731,226.78	24,250,000.00
Anheuser Busch Companies Inc.	50,000	2,508,270.09	2,425,000.00
Anheuser Busch Companies Inc.	9,000	458,647.34	436,500.00
Apache Corp.	56,200	1,273,853.20	1,559,550.00
Apple Computer Inc.	300,000	12,307,575.76	11,850,000.00
Apple Computer Inc.	100,000	4,896,250.00	3,950,000.00
Archer Daniels Midland Co.	250,000	5,384,445.41	5,906,250.00
Archer Daniels Midland Co.	400,000	10,248,636.36	9,450,000.00
Armco Inc.	49,500	367,818.61	358,875.00
Armstrong World Industries Inc.	300,000	5,692,750.00	9,675,000.00
Arrow Electrs Inc.	5,200	169,202.50	184,600.00
Arrow Electrs Inc.	1,100	36,336.30	39,050.00
Ashland Coal Inc.	37,000	993,324.10	892,625.00
Associated Natural Gas Corp.	14,500	436,296.80	491,187.50
Atlantic Richfield Co.	150,000	9,949,956.50	17,437,500.00
Automatic Data Processing Inc.	100,000	2,050,012.50	4,800,000.00
Automatic Data Processing Inc.	125,000	4,679,458.20	6,000,000.00
Autozone Inc.	11,900	424,315.76	557,812.50
Avnet Inc.	31,800	989,742.10	1,081,200.00
Avon Products Inc.	27,500	2,073,278.45	1,584,687.50
Avon Products Inc.	14,100	793,480.00	812,512.50
Baldor Electric Co.	13,675	200,042.51	347,003.13
Banc One Corp.	219,205	6,284,713.50	12,330,281.25
Bankers Trust New York Corp.	135,000	7,996,880.10	10,006,875.00
Banyan Systems	8,700	164,034.90	152,250.00

COMMON STOCKS (cont.)

	Accumulated Shares	Cost Value	Market Value
Becton Dickinson & Co.	400,000	\$ 12,579,443.80	\$ 16,000,000.00
Bell Atlantic Corp.	125,000	5,946,800.00	7,421,875.00
Bellsouth Corp.	125,000	6,212,848.50	6,937,500.00
Beneficial Corp.	4,800	306,548.59	352,800.00
Bethlehem Steel Corp.	47,200	860,255.50	885,000.00
Beverly Enterprises Inc.	12,000	95,220.00	148,500.00
BHA Group Inc.	25,000	371,014.78	331,250.00
Block H & R Inc.	4,000	53,353.47	143,000.00
Block H & R Inc.	50,000	1,575,774.88	1,787,500.00
Blockbuster Entertainment	365,800	4,722,820.76	7,956,150.00
BMC Software Inc.	14,200	806,493.75	749,050.00
Boatmens Bancshares Inc.	2,000	66,725.00	120,750.00
Boatmens Bancshares Inc.	13,700	776,858.27	827,137.50
Bob Evans Farms Inc.	73,333	760,285.79	1,301,660.75
Boise Cascade Corp.	127,500	3,755,513.86	2,996,250.00
Bombay Inc.	10,650	342,352.11	524,512.50
BRE Properties Inc.	13,400	489,357.50	462,300.00
Brinker Intl. Inc.	22,500	688,499.10	770,625.00
Broderbund Software Inc.	15,800	535,475.00	616,200.00
Brown Group Inc.	172,800	2,007,698.00	5,400,000.00
Brown Group Inc.	10,000	319,741.05	312,500.00
Browning Ferris Industries Inc.	550,000	3,493,275.84	14,918,750.00
Browning Ferris Industries Inc.	300,000	7,436,404.62	8,137,500.00
Brunswick Corp.	329,304	1,035,393.29	4,157,463.00
Brunswick Corp.	33,000	461,615.00	416,625.00
Brush Wellman Inc.	325,000	5,950,414.93	3,940,625.00
Burlington Resources Inc.	175,000	5,292,986.19	8,487,500.00
Butler Manufacturing Co.	10,000	218,160.16	193,750.00
C I G N A Corp.	81,250	3,408,225.00	4,946,093.75
C I G N A Corp.	100,000	5,147,569.00	6,087,500.00
C P I Corp.	30,000	600,292.70	468,750.00
C P I Corp.	33,700	602,171.40	526,562.50
C S X Corp.	70,000	2,557,165.62	5,005,000.00
Caesars World Inc.	22,000	815,910.79	987,250.00
Caesars World Inc.	184,500	6,555,615.79	8,279,437.50
Callaway Golf Co.	5,100	104,987.69	214,200.00
Campbell Soup Co.	200,000	7,001,513.90	7,850,000.00
Capital Cities ABC Inc.	32,500	4,614,190.00	16,672,500.00
Capital Cities ABC Inc.	3,800	1,829,035.80	1,949,400.00
Capital Holding Corp.	225,900	8,612,095.44	8,838,337.50
Capital Amern. Finl. Corp.	6,800	190,900.00	172,550.00
Carolina Power & Light Co.	200,000	3,101,741.76	6,525,000.00
Caseys General Stores Inc.	22,000	320,675.01	407,000.00
Cato Corp. New	10,650	193,023.50	226,312.50
Cellpro Inc.	12,400	216,925.60	263,500.00
Cemex S A Sponsored Adr.	22,700	666,258.70	709,375.00
Central & Southwest Corp.	200,000	2,486,423.98	6,500,000.00
Central Coal & Coke Corp.	2,000	53,994.25	53,500.00
Century Telephone Enterprises Inc.	6,500	179,792.80	200,687.50
Champion International Corp.	80,000	2,565,625.00	2,700,000.00
Chemical Banking Corp.	225,500	8,286,184.50	9,217,312.50
Chemical Banking Corp.	25,800	957,263.81	1,054,575.00
Chemical Waste Mgmt. Inc.	350,000	6,268,929.07	3,237,500.00
Chicago & North Western	37,100	759,657.10	825,475.00
Chrysler Corp.	190,900	4,149,564.90	9,020,025.00
Chubb Corp.	84,400	4,372,177.89	7,332,250.00
Chubb Corp.	85,000	6,006,326.20	7,384,375.00
Circuit City Stores Inc.	13,800	365,576.30	445,050.00
Circuit City Stores Inc.	272,000	2,615,209.12	8,772,000.00
Clarcor Inc.	21,000	348,645.00	383,250.00
Clayton Homes Inc.	26,875	567,695.00	618,125.00
Clorox Co.	172,500	6,689,572.39	8,991,562.50
Coastal Corp.	236,300	6,975,512.22	6,173,337.50

COMMON STOCKS (cont.)

	Accumulated Shares	Cost Value	Market Value
Coastal Corp.	44,600	\$ 1,210,788.20	\$ 1,165,175.00
Collagen Corp.	6,100	127,626.90	138,775.00
Comcoa Inc.	9,000	98,742.50	114,750.00
Commerce Clearing House	15,000	237,500.00	249,375.00
Commonwealth Edison Co.	150,000	4,104,819.45	4,200,000.00
Compaq Computer Corp.	140,000	3,779,748.00	6,860,000.00
Compusa Inc.	8,100	246,087.21	238,950.00
Conagra Inc.	400,000	10,698,352.37	10,100,000.00
Consolidated Rail Corp.	144,900	4,150,724.56	7,770,262.50
Consolidated Stores Corp.	42,400	651,170.00	752,600.00
Cooper Tire & Rubber Co.	7,100	244,787.80	179,275.00
Coventry Corp.	900	27,855.00	29,925.00
CUC International Inc.	103,850	1,753,656.90	2,881,837.50
Cullen Frost Bankers Inc.	4,700	172,885.00	162,737.50
Cyprus Minerals Co.	7,500	38,171.94	184,687.50
Cyprus Minerals Co.	12,000	279,289.00	295,500.00
Danaher Corp.	33,800	864,939.00	1,094,275.00
Data Transmission Network Corp.	20,000	254,000.00	310,000.00
Dauphin Deposit Corp.	9,600	216,590.27	235,200.00
Davidson & Associates Inc.	13,500	199,731.30	236,250.00
Dayton Hudson Corp.	129,700	7,874,056.60	8,625,050.00
Dayton Hudson Corp.	23,500	1,650,677.60	1,562,750.00
Dean Witter Discover & Co.	95,400	3,213,136.20	3,577,500.00
Delta Air Lines Inc.	23,300	1,270,847.00	1,127,137.50
Delta Woodside Inds. Inc. New	35,000	467,402.90	398,125.00
Deluxe Corp.	200,000	8,324,915.75	7,650,000.00
Designs Inc.	10,650	185,927.50	262,256.25
Devon Energy Corp.	17,700	359,123.30	475,687.50
Digital Equipment Corp.	200,000	14,817,012.71	8,350,000.00
Digital Equipment Corp.	200,000	10,912,378.77	8,350,000.00
Dillard Department Stores Inc.	14,500	592,099.80	525,625.00
Dollar Gen. Corp.	26,600	591,285.70	751,450.00
Dominion Resources Inc. Va.	149,499	3,807,724.23	6,652,705.50
Dominion Resources Inc. Va.	112,500	3,552,037.50	5,006,250.00
Donnelley R R & Sons Co.	5,000	127,427.00	141,250.00
Donnelley R R & Sons Co.	125,000	3,629,750.00	3,531,250.00
Dovatron International Inc.	7,500	98,548.12	127,500.00
Dover Corp.	75,000	2,735,167.30	3,515,625.00
Dow Chemical Co.	200,000	9,680,468.31	11,325,000.00
Dow Chemical Co.	109,000	6,625,326.90	6,172,125.00
Dreyfus Corp.	19,100	723,564.10	778,325.00
Dun & Bradstreet Corp.	125,000	6,363,754.30	7,359,375.00
Duracell International Inc.	22,200	712,470.00	688,200.00
Eagle Hardware & Garden Inc.	9,500	134,587.50	175,750.00
Eastman Kodak Co.	200,000	9,500,342.52	10,000,000.00
Eaton Corp.	182,400	5,735,462.91	8,185,200.00
Ecolab Inc.	100,000	2,908,500.00	4,287,500.00
Edison Brothers Stores Inc.	20,100	859,162.90	721,087.50
Edwards A G Inc.	14,000	279,600.00	357,000.00
El Paso Natural Gas Co.	41,893	858,782.51	1,633,827.00
Electromedics Inc.	20,000	125,000.00	80,000.00
Eljer Industries Inc.	27,000	455,065.42	185,625.00
Emerson Electric Co.	375,000	7,634,603.65	21,843,750.00
Emerson Electric Co.	100,000	4,168,969.19	5,825,000.00
Emerson Electric Co.	2,000	72,498.74	116,500.00
Empire District Electric Co.	3,000	43,197.00	68,625.00
Engelhard Corp.	75,000	1,024,959.00	2,812,500.00
Engelhard Corp.	9,100	318,509.00	341,250.00
Engineered Support System Inc.	12,000	91,437.50	28,500.00
Enserch Corp.	150,000	3,484,657.62	2,718,750.00
Enserch Exploration Partners Ltd.	4,050	57,881.28	35,692.65
Entergy Corp.	223,500	6,894,572.50	8,101,875.00
ESCO Electronics Corp.	16,650	80,128.13	162,337.50

COMMON STOCKS (cont.)

	Accumulated Shares	Cost Value	Market Value
Ethyl Corp.	243,500	\$ 6,422,196.80	\$ 7,305,000.00
Exabyte Corp.	30,000	540,701.50	303,750.00
Exel Ltd. Ord.	16,500	711,733.10	792,000.00
Exxon Corp.	320,000	5,176,075.00	21,160,000.00
Exxon Corp.	75,000	4,065,090.00	4,959,375.00
Fanstell Inc.	40,000	290,898.70	300,000.00
Federal Home Loan Mortgage Corp.	173,200	4,462,158.08	9,677,550.00
Federal National Mortgage Assn.	400,000	2,468,187.99	33,150,000.00
Federal National Mortgage Assn.	112,900	4,976,691.99	9,356,587.50
Federal Signal Corp.	10,250	173,762.50	243,437.50
FHP International Corp.	12,900	226,741.84	351,525.00
Fingerhut Cos. Inc.	28,000	970,682.40	1,204,000.00
First Financial Mgmt.	34,400	1,283,144.84	1,449,100.00
First Interstate Bancorp	144,700	4,964,940.56	9,079,925.00
Fisher Scientific International Inc.	28,900	795,563.60	906,737.50
Fleet Financial Group Inc.	277,500	8,213,213.80	9,365,625.00
Fleming Companies Inc.	10,000	328,025.00	331,250.00
Flexsteel Inds. Inc.	20,000	225,375.00	307,500.00
Fluor Corp.	150,000	6,316,718.75	6,300,000.00
Forest Labs Inc.	4,900	185,335.85	170,887.50
FPL Group Inc.	120,000	1,832,039.97	4,575,000.00
FPL Group Inc.	150,000	4,710,400.00	5,718,750.00
Frontier Ins. Group Inc. New	5,300	212,927.10	233,200.00
Fruit of the Loom Inc.	10,900	455,614.82	363,787.50
G T E Corp.	180,000	2,124,571.29	6,502,500.00
Galen Healthcare Inc.	200,000	3,254,739.76	3,750,000.00
Gannett Co. Inc.	16,600	852,907.10	825,850.00
Gaylord Entertainment Co.	10,300	383,513.50	475,087.50
General Electric Co.	50,000	4,656,675.00	4,787,500.00
General Growth Pptys Inc.	16,400	390,984.60	401,800.00
General Mills Inc.	75,000	4,914,815.67	5,100,000.00
General RE Corp.	110,000	9,818,648.40	12,553,750.00
General RE Corp.	45,000	3,884,866.36	5,135,625.00
Gentex Corp.	11,700	137,531.08	257,400.00
Genuine Parts Co.	175,000	5,210,325.41	6,059,375.00
Geon Co.	18,400	350,079.50	338,100.00
Georgia Gulf Corp.	19,400	382,782.50	354,050.00
Georgia Pacific Corp.	122,855	4,180,867.14	7,171,660.63
Georgia Pacific Corp.	19,300	1,245,718.70	1,126,637.50
Giddings & Lewis Inc.	19,000	432,080.20	406,125.00
Giddings & Lewis Inc. Wis.	23,400	553,352.55	500,175.00
Goodrich B F Co.	13,200	542,132.92	561,000.00
Grainger W W Inc.	115,000	5,393,241.80	7,130,000.00
Great Western Financial Corp.	158,000	3,216,850.00	2,646,500.00
Green Tree Financial Corp.	231,100	3,718,222.57	9,706,200.00
Grupo Financiero Bancomer	34,400	1,086,500.60	1,113,700.00
Gulf States Utilities Co.	100,000	2,091,579.50	1,850,000.00
Halliburton Co.	180,000	6,930,160.00	6,862,500.00
Halliburton Co.	200,000	7,520,110.71	7,625,000.00
Harris Corp. Del.	180,000	6,567,973.00	6,975,000.00
HCA Hospital Corp. of America	18,900	367,731.77	368,550.00
Heilig Meyers Co.	10,600	354,268.40	401,475.00
Helmerich & Payne Inc.	9,000	199,027.50	313,875.00
Hercules Inc.	100,000	3,596,567.26	7,762,500.00
Hewlett Packard Co.	115,550	8,345,055.58	9,359,550.00
Hewlett Packard Co.	48,750	3,070,656.89	3,948,750.00
Hi Lo Automotive Inc.	5,000	91,777.47	51,250.00
Home Depot Inc.	40,100	1,705,635.10	1,754,375.00
Honeywell Inc.	29,600	988,579.20	1,098,900.00
Honeywell Inc.	221,200	7,737,217.94	8,212,050.00
Household International Inc.	135,000	4,073,189.26	9,331,875.00
Houston Industries Inc.	52,500	1,382,339.97	2,296,875.00
Humana Inc.	200,000	1,936,563.92	2,250,000.00

COMMON STOCKS (cont.)

	Accumulated Shares	Cost Value	Market Value
IBP Inc.	16,500	\$ 265,840.00	\$ 350,625.00
IBP Inc.	360,800	6,454,864.30	7,667,000.00
Ilex Corp.	43,200	975,568.50	1,198,800.00
Illinois Power Co.	50,000	1,663,583.47	1,268,750.00
Illinois Tool Works Inc.	250,000	8,100,733.35	9,343,750.00
IMC Fertilizer Group Inc.	132,500	6,779,722.60	3,892,187.50
IMC Fertilizer Group Inc.	17,100	679,463.95	502,312.50
IMO Industries Inc.	40,000	167,282.23	275,000.00
Inland Steel Industries Inc.	21,700	510,238.20	623,875.00
Input/Output Inc.	12,600	168,137.50	209,475.00
Insituform Mid America Cl. A.	43,333	401,807.52	465,829.75
Integrated Health Services Inc.	6,400	166,746.82	182,400.00
Intel Corp.	149,100	2,892,917.26	8,200,500.00
Intel Corp.	85,000	1,814,331.23	4,675,000.00
Intel Corp.	28,200	1,169,552.50	1,551,000.00
Intel Corp.	200,000	5,731,266.20	11,000,000.00
International Business Machines Corp.	160,000	13,769,315.43	7,900,000.00
International Business Machines Corp.	70,000	6,871,932.04	3,456,250.00
International Game Technology	13,900	392,456.79	552,525.00
International Specialty Prods. Inc.	61,400	472,845.80	452,825.00
Interstate Power Co.	12,000	373,522.50	366,000.00
Ionics Inc.	4,000	220,919.70	173,500.00
ISCO Inc.	36,000	430,387.50	378,000.00
Jacobs Engineering Group	10,400	264,561.66	228,800.00
Jan Bell Marketing Inc.	52,600	807,247.60	710,100.00
Jones Apparel Group Inc.	10,300	323,470.00	227,887.50
Jones Medical Inds. Inc.	49,700	296,397.66	577,762.50
K N Energy Inc.	6,000	142,005.48	219,000.00
K-Mart Corp.	420,000	7,520,732.03	8,820,000.00
K-Mart Corp.	239,000	5,002,630.38	5,019,000.00
Kansas City Life Insurance Co.	5,000	167,975.65	267,500.00
Kansas City Power & Light Co.	231,000	2,585,440.25	5,717,250.00
Kansas City Power & Light Co.	1,500	22,194.00	37,125.00
Kellwood Co.	12,000	298,911.75	364,500.00
Kerr McGee Corp.	6,000	251,002.50	300,000.00
Kerr McGee Corp.	28,700	1,313,968.30	1,435,000.00
Knight Ridder Inc.	19,300	1,129,949.60	1,008,425.00
Kohls Corp.	10,300	352,138.60	375,950.00
Laclede Gas Co.	99,420	1,053,823.05	4,660,312.50
Laclede Gas Co.	4,000	116,885.24	187,500.00
Laclede Steel Co.	7,000	114,056.25	154,000.00
Landmark Graphics Corp.	8,400	163,905.20	165,900.00
Layne Inc.	50,000	340,937.50	262,500.00
LDDS Communications Inc. Cl. A.	41,450	1,205,726.97	1,450,750.00
Lee Enterprises Inc.	12,500	312,507.50	340,625.00
Leisure Technology Inc.	100,000	1,402,758.40	9,400.00
Life Partners Group Inc.	28,300	552,639.00	558,925.00
Life Re. Corp.	15,600	449,225.00	563,550.00
Limited Inc.	103,200	2,535,642.04	2,205,900.00
Limited Inc.	250,000	5,104,420.55	5,343,750.00
Lincoln National Corp.	215,000	5,346,201.53	8,358,125.00
Lincoln Telecommunications Co.	8,000	200,000.00	226,000.00
Linear Technology Corp.	17,700	395,778.25	511,087.50
Liposome Technology Inc.	17,200	175,168.20	159,100.00
Liz Claiborne Inc.	200,000	7,298,324.70	6,200,000.00
Liz Claiborne Inc.	36,300	1,352,309.50	1,125,300.00
Lockheed Corp.	13,700	707,160.64	904,200.00
Loews Corp.	85,400	9,072,068.94	8,080,975.00
Lone Star Steakhouse Saloon	13,500	363,815.72	303,750.00
Louisiana Pacific Corp.	10,800	359,767.08	345,600.00
Lukens Inc.	3,500	181,399.70	164,937.50
M C I Communications Corp.	170,000	4,975,371.00	9,775,000.00
Magna Group Inc.	3,675	54,212.50	64,312.50

COMMON STOCKS (cont.)

	Accumulated Shares	Cost Value	Market Value
Magna International Inc.	222,700	\$ 7,407,998.53	\$ 8,796,650.00
Mapco Inc.	152,600	8,310,611.00	8,545,600.00
Mapco Inc.	25,000	1,187,700.00	1,400,000.00
Mapco Inc.	7,000	359,491.50	392,000.00
Mapco Inc.	16,900	889,678.00	946,400.00
Marion Merrell Dow Inc.	325,000	9,090,973.98	5,525,000.00
Marion Merrell Dow Inc.	150,000	4,286,400.00	2,550,000.00
Martin Marietta Corp.	175,000	12,171,072.92	13,803,125.00
Masco Corp.	200,000	5,429,175.00	5,975,000.00
Masco Corp.	400,000	6,598,912.50	11,950,000.00
Masco Corp.	286,300	7,282,987.83	8,553,212.50
Masco Industries Inc.	60,000	93,750.00	1,200,000.00
Maverick Tube Corp.	7,500	51,120.83	106,875.00
May Department Stores Co.	500,000	2,582,048.23	19,125,000.00
May Department Stores Co.	1,000	21,600.81	38,250.00
Maytag Corp.	16,500	232,107.50	247,500.00
Maytag Corp.	11,500	155,940.00	172,500.00
McDonalds Corp.	220,000	7,621,162.50	10,807,500.00
McDonalds Corp.	125,000	4,725,144.00	6,140,625.00
McDonalds Corp.	22,700	1,085,173.70	1,115,137.50
McGraw Hill Inc.	200,000	3,126,621.01	11,800,000.00
Mead Corp.	195,000	6,931,122.16	8,726,250.00
Mead Corp.	200,000	7,828,530.00	8,950,000.00
Medaphis Corp.	14,100	259,517.50	273,187.50
Medeva Plc. Sponsored Adr.	11,800	167,857.60	162,250.00
Medicine Shoppe International	17,500	361,312.50	393,750.00
Medicine Shoppe International	11,600	278,350.00	261,000.00
Melville Corp.	25,800	1,212,445.97	1,202,925.00
Melville Corp.	159,300	8,013,041.58	7,427,362.50
Mercantile Bancorporation Inc.	2,000	50,625.00	98,500.00
Merck & Co. Inc.	300,000	10,765,965.44	10,650,000.00
Mercury Financial Co.	97,600	1,128,711.80	1,549,400.00
Meredith Corp.	10,000	284,675.00	358,750.00
MFS Communications Inc.	8,600	194,339.50	258,000.00
MGIC Inv. Corp. Wis.	4,500	177,363.64	258,750.00
MGIC Inv. Corp. Wis.	5,000	233,463.70	287,500.00
Michaels Stores Inc.	12,400	372,103.80	379,750.00
Mid America Waste System Inc.	22,200	331,588.02	271,950.00
Midwest Grain Products Inc.	1,100	12,604.17	28,050.00
MNX Inc.	25,000	219,112.51	212,500.00
Morgan J P & Co.	155,000	7,395,520.00	10,520,625.00
Morgan Stanley Group Inc.	14,100	501,031.03	974,662.50
Morrison Knudsen Corp.	300,000	6,917,139.70	7,612,500.00
Morrison Restaurants Inc.	18,600	481,390.85	539,400.00
Morton International Inc.	100,000	5,840,239.30	7,737,500.00
Motorola Inc.	300,000	4,998,980.55	26,212,500.00
Mueller Paul Co.	7,000	150,625.00	229,250.00
Mutual Risk Mgmt. Ltd.	14,100	509,404.90	507,600.00
Myers L E Co. Group	40,000	515,743.00	385,000.00
Nabors Inds. Inc.	82,500	787,780.00	835,312.50
National Education Corp.	21,700	152,428.27	162,750.00
National Pizza Co.	36,000	254,729.32	234,000.00
National Pizza Co.	20,000	153,662.35	135,000.00
National Service Industries Inc.	439,998	2,932,819.03	11,219,949.00
National Service Industries Inc.	302,000	7,209,898.20	7,701,000.00
Nationsbank Corp.	100,000	3,332,562.50	4,962,500.00
Nike Inc.	3,400	255,642.22	187,425.00
Nine West Group Inc.	6,500	181,467.31	183,625.00
Noble Affiliates Inc.	12,000	166,927.13	289,500.00
Noble Affiliates Inc.	68,200	1,297,398.40	1,645,325.00
Norfolk Southern Corp.	100,000	5,887,170.00	6,512,500.00
North American Vaccine Inc.	12,600	128,276.50	124,425.00
Norwest Corp.	344,000	4,354,390.74	9,417,000.00

COMMON STOCKS (cont.)

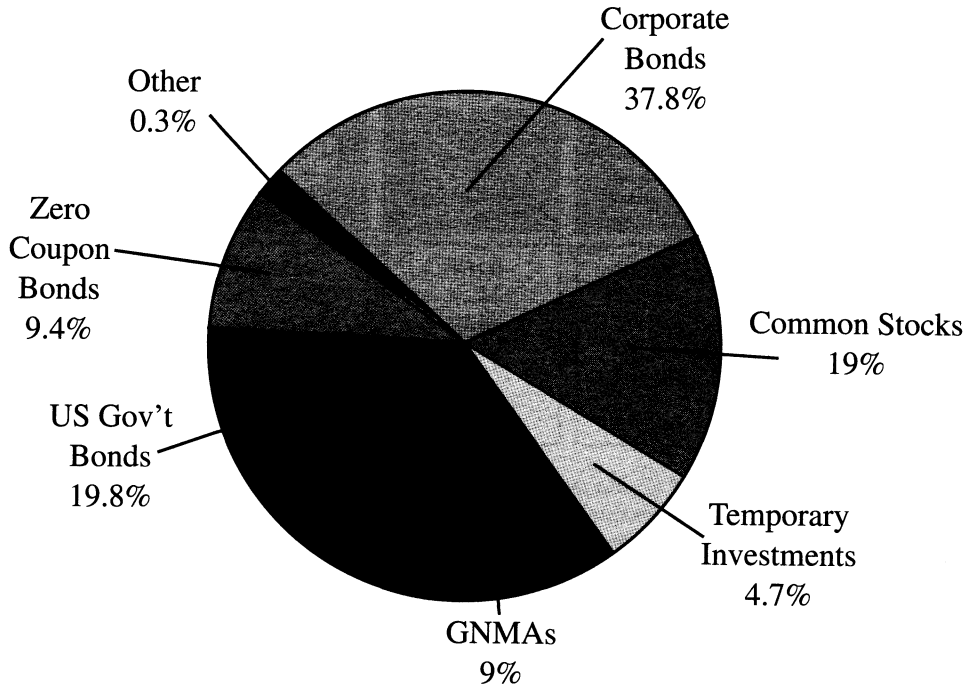
	Accumulated Shares	Cost Value	Market Value
Norwest Corp.	8,600	\$ 181,407.00	\$ 235,425.00
Nucor Corp.	8,300	535,136.50	708,612.50
Oakwood Homes Corp.	21,100	361,199.20	437,825.00
Occidental Petroleum Corp.	150,000	4,384,775.00	3,150,000.00
Oceaneering International Inc.	64,500	925,616.90	870,750.00
Office Depot Inc.	15,600	321,622.00	409,500.00
Oracle System Corp.	21,500	574,536.90	1,058,875.00
Oryx Energy Co.	41,000	872,213.60	840,500.00
Outboard Marine Corp.	259,300	4,584,462.02	4,375,687.50
Outboard Marine Corp.	24,000	393,576.50	405,000.00
Oxford Health Plans Inc.	16,900	860,635.20	1,166,100.00
Paging Network Inc.	14,700	366,191.25	437,325.00
Pall Corp.	366,666	5,759,989.52	6,508,321.50
Panhandle Eastern Corp.	350,000	5,044,061.25	8,575,000.00
Parker & Parsley Pete Co.	6,200	159,497.50	173,600.00
Payless Cashways Inc.	28,900	400,584.20	379,312.50
Penney J C Co. Inc.	180,000	2,622,227.06	8,122,500.00
Pentair Inc.	23,550	665,284.50	900,787.50
Pet Inc. New	550,000	9,567,356.08	8,731,250.00
Pet Inc. New	23,000	389,290.00	365,125.00
Petrolite Corp.	15,000	380,312.50	506,250.00
Philadelphia Electric Co.	60,870	1,440,846.15	1,864,143.75
Phillips Petroleum Co.	335,000	8,396,149.71	9,380,000.00
Pioneer Hi-Bred International Inc.	205,000	3,421,524.13	5,663,125.00
Pioneer Hi-Bred International Inc.	12,000	252,558.75	331,500.00
Pitney Bowes Inc.	360,000	8,322,260.80	14,940,000.00
Pittston Co.	35,700	1,320,520.00	651,525.00
Plains Petroleum Co.	12,000	325,180.00	307,500.00
Policy Management Systems Corp.	7,000	518,022.93	256,375.00
Pool Energy Services Co.	4,634	48,935.04	42,285.25
PPG Industries Inc.	130,000	5,834,382.00	8,515,000.00
PPG Industries Inc.	120,700	6,105,918.38	7,905,850.00
Praxair Inc.	522,300	8,498,165.61	8,095,650.00
President Riverboat Casinos	14,300	337,809.87	461,175.00
Production Operators Corp.	7,400	193,982.00	173,900.00
PSI Resources Inc.	32,600	646,065.10	778,325.00
Pulitzer Publishing Co.	5,500	131,538.46	162,250.00
Puritan Bennett Corp.	37,000	731,135.00	740,000.00
Pyxis Corp.	13,500	491,689.70	634,500.00
QVC Network Inc.	15,800	485,964.03	1,003,300.00
Ralston Purina Co.	400,000	2,287,300.00	18,500,000.00
Reebok International Ltd.	238,500	7,388,999.67	6,648,187.50
Repsol Sponsored Adr. (Spain)	308,400	7,729,997.00	7,671,450.00
Repsol Sponsored Adr. (Spain)	18,100	440,945.50	450,237.50
Reynolds Metals Co.	150,000	8,757,427.77	7,200,000.00
Reynolds Metals Co.	104,400	5,945,936.11	5,011,200.00
RJR Nabisco Hldg. Conv.	659,700	6,809,361.00	4,370,512.50
Rockwell International Corp.	66,600	1,845,894.00	2,214,450.00
Rollins Truck Leasing Corp.	62,050	885,766.00	1,031,581.25
Rowan Companies Inc.	36,000	287,259.63	360,000.00
Rubbermaid Inc.	150,000	4,680,240.97	4,256,250.00
Ryland Group Inc.	23,700	510,602.70	453,262.50
Safety Kleen Corp.	18,000	439,075.00	328,500.00
Salomon Inc.	213,000	7,992,445.80	8,147,250.00
Santa Fe Pacific Corp.	18,000	210,330.00	330,750.00
SCE Corp.	322,400	2,323,331.43	7,818,200.00
Scholastic Corp.	10,400	356,262.50	413,400.00
Schwitzer Inc.	27,000	214,377.62	165,375.00
Scientific Atlanta Inc.	10,900	272,818.02	352,887.50
Scotsman Industries Inc.	27,000	205,609.34	327,375.00
Scott Paper Co.	300,000	8,357,120.61	9,937,500.00
Scott Paper Co.	200,000	7,993,300.91	6,625,000.00
Scott Paper Co.	43,900	1,633,791.90	1,454,187.50

COMMON STOCKS (cont.)

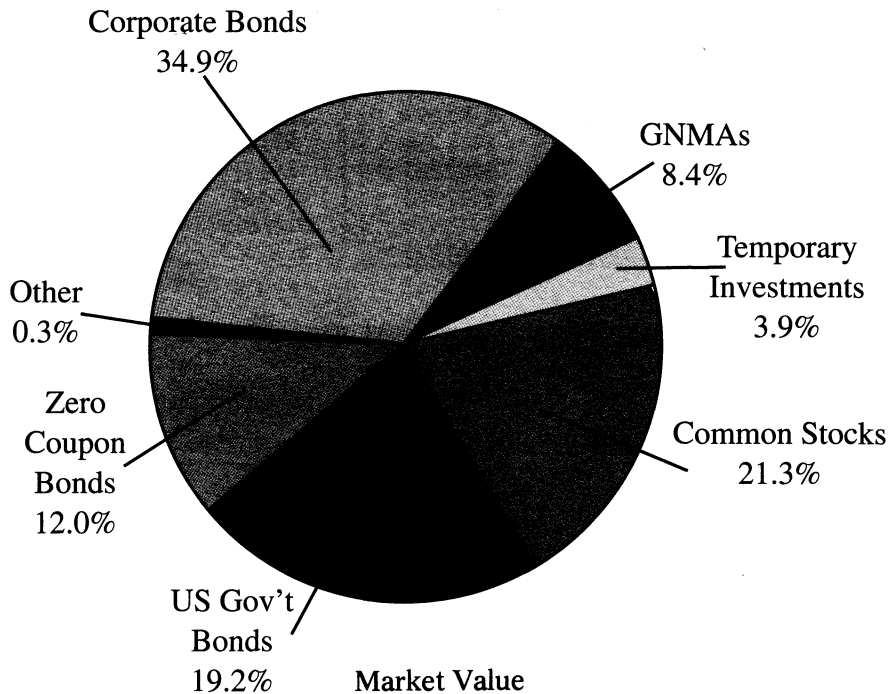
	Accumulated Shares	Cost Value	Market Value
Seagull Energy Corp.	48,000	\$ 858,456.10	\$ 1,296,000.00
Sealright Co., Inc.	24,000	493,250.00	390,000.00
Sears Roebuck & Co.	110,000	4,544,717.51	6,050,000.00
Sensormatic Electronics Corp.	26,300	834,839.80	1,025,700.00
Shaw Industries Inc.	20,900	614,220.00	731,500.00
Showbiz Pizza Time Inc.	10,900	274,780.00	188,025.00
Sigma Aldrich Corp.	72,500	3,317,700.00	3,498,125.00
Sigma Aldrich Corp.	9,000	463,250.00	434,250.00
Silicon Graphics Inc.	28,400	743,431.50	1,061,450.00
Smith International Inc.	75,400	772,479.40	706,875.00
Society Corp.	33,500	1,024,179.50	1,176,687.50
Sonat Offshore Drilling Inc.	25,700	551,206.00	523,637.50
Southern Co.	75,000	1,748,925.83	3,159,375.00
Southwest Airlines Co.	175,000	2,096,099.25	7,634,375.00
Southwest Airlines Co.	29,800	864,315.45	1,300,025.00
Southwestern Bell Corp.	110,000	2,951,850.00	4,262,500.00
Southwestern Energy Co.	2,000	60,410.00	96,500.00
Sprint Corp.	185,000	4,455,488.97	6,498,125.00
Sprint Corp.	6,000	151,246.00	210,750.00
St. Paul Bancorp. Inc.	12,400	270,047.00	299,150.00
Stanley Works	136,000	4,550,425.00	5,457,000.00
Stein Mart Inc.	6,800	188,700.00	210,800.00
Stewart & Stevenson Svcs. Inc.	14,500	470,072.50	652,500.00
Stifel Financial Corp.	5,400	37,395.00	52,650.00
Storage Technology Corp.	31,500	892,277.50	1,232,437.50
Stratus Computer Inc.	19,400	720,396.30	635,350.00
Stride Rite Corp.	200,000	4,338,300.80	3,125,000.00
Stuart Entertainment Inc.	40,000	301,830.00	310,000.00
Synopsys Inc.	4,600	168,992.40	209,300.00
Syntex Corp.	200,000	7,049,762.50	3,650,000.00
Tandem Computers Inc.	500,000	6,009,325.50	6,250,000.00
Tandy Corp.	100,000	2,776,300.00	3,000,000.00
Tandy Corp.	52,300	1,433,111.20	1,569,000.00
Taubman Centers Inc.	20,000	262,828.10	290,000.00
Tektronix Inc.	113,600	2,991,263.42	2,982,000.00
Tele-Communications Inc.	31,400	738,930.75	714,350.00
Tele-Communications Inc.	74,000	1,503,989.58	1,683,500.00
Telefon De Mexico	167,000	8,821,052.50	7,807,250.00
Telefon De Mexico Ser	8,400	424,716.25	392,700.00
Telefon De Mexico Ser L.	27,300	1,367,161.40	1,276,275.00
Telefonica de Espana S A Sponsored Adr.	27,600	884,002.60	883,200.00
Tenneco Inc.	75,000	2,943,217.30	3,825,000.00
Texas Instruments Inc.	150,000	5,876,780.61	10,481,250.00
Texas Utilities Co.	45,800	1,371,995.76	2,095,350.00
Texas Utilities Co.	75,000	2,724,450.00	3,431,250.00
Textron Inc.	174,300	7,532,272.60	9,782,587.50
Tidewater Inc.	40,200	748,730.91	874,350.00
Times Mirror Co.	150,000	4,482,500.00	4,350,000.00
Toastmaster Inc.	60,000	514,180.00	427,500.00
Tosco Corp. New	9,000	206,195.10	203,625.00
Toys R Us Inc.	125,000	3,936,710.30	4,593,750.00
Transamerica Corp.	237,200	5,099,241.47	12,541,950.00
Trimas Corp.	8,000	145,000.00	300,000.00
US Bancorp of Oregon	135,000	2,997,750.00	3,375,000.00
US Healthcare Inc.	39,000	1,778,595.00	1,852,500.00
US Healthcare Inc.	11,700	514,387.51	555,750.00
US West Inc.	60,000	2,224,710.00	2,752,500.00
US West Inc.	164,500	6,274,148.50	7,546,437.50
US West Inc.	66,950	2,865,460.00	3,071,331.25
Unifi Inc.	31,400	913,390.40	1,055,825.00
Union Corp.	5,200	79,085.00	62,400.00
Union Electric Co.	93,450	2,160,408.97	3,866,493.75
Union Electric Co.	130,000	3,817,256.00	5,378,750.00

	Accumulated Shares	Cost Value	Market Value
COMMON STOCKS (cont.)			
Union Electric Co.	7,000	\$ 182,065.50	\$ 289,625.00
Union Pacific Corp.	340,000	8,685,717.80	20,740,000.00
Union Pacific Corp.	90,000	3,427,750.00	5,490,000.00
United Asset Management Corp.	28,400	850,819.80	1,164,400.00
United Healthcare Corp.	13,800	717,438.15	886,650.00
United Retail Group Inc.	14,100	325,137.50	222,075.00
Unitog Co. New	4,000	44,100.00	89,000.00
Unocal Corp.	35,700	982,394.82	1,044,225.00
UST Inc.	26,300	803,452.40	779,137.50
USX Marathon Group	350,000	7,693,147.36	5,906,250.00
Utilicorp United Inc.	4,000	89,445.00	116,500.00
Valmont Industries Inc.	3,000	44,700.00	46,500.00
Varity Corp.	5,400	177,810.00	162,000.00
Ventritex Inc.	7,600	205,435.01	190,000.00
Venture Stores Inc.	32,500	62,409.20	556,562.50
Viacom Inc.	21,900	913,549.50	1,048,462.50
Vicorp Restaurants Inc.	1,800	36,372.66	41,175.00
Vodafone Group PLC Spon. ADR (United Kingdom)	13,000	880,880.70	887,250.00
Wabash Natl. Corp.	5,900	148,977.80	156,350.00
Wal Mart Stores Inc.	700,000	1,666,875.00	18,375,000.00
Wal Mart Stores Inc.	200,000	5,698,875.00	5,250,000.00
Walbro Corp.	8,100	239,250.00	204,525.00
Walt Disney Co.	120,000	3,539,830.80	4,890,000.00
Washington Federal Savings	30,920	768,588.00	803,920.00
West One Bancorp.	11,200	508,306.20	553,000.00
Wheelabrator Technologies Inc.	36,200	639,198.30	651,600.00
Whirlpool Corp.	181,600	6,896,496.75	10,328,500.00
Whirlpool Corp.	200,000	5,449,837.50	11,375,000.00
Willamette Industries Inc.	27,900	1,028,271.90	1,060,200.00
Williams Companies Inc. Co.	1,500	50,276.25	82,125.00
Winnebago Inds. Inc.	7,500	48,225.00	58,125.00
Wisconsin Energy Corp.	375,000	2,528,264.34	10,359,375.00
WMX Technologies Inc.	200,000	7,703,272.50	6,475,000.00
Woolworth Corp.	150,000	3,622,300.00	4,068,750.00
Woolworth Corp.	259,200	7,970,853.25	7,030,800.00
World Acceptance Corp.	9,300	142,768.60	162,750.00
Worthen Banking Corp.	10,000	199,782.14	240,000.00
Worthington Industries Inc.	5,800	183,864.70	181,250.00
Xerox Corp.	135,000	10,320,063.00	10,783,125.00
Xilinx Inc.	14,500	371,637.50	561,875.00
Yellow Corporation	215,000	5,952,018.33	4,138,750.00
Yellow Corporation	14,000	376,347.07	269,500.00
3Com Corp.	14,100	399,328.47	385,987.50
South Africa Free Fund		50,000,000.00	56,163,500.00
Total Common Stock		\$ 1,445,371,598.06	\$ 1,945,045,657.16

Allocation of Invested Assets



Amortized Cost Value
\$7,607,353,665.04
June 30, 1993



Market Value
\$9,115,854,751.37
June 30, 1993

HISTORICAL TREND INFORMATION**June 30, 1993**

(Dollars in Thousands)

Valuation Date	Net Assets Available For Benefits	Pension Benefit Obligation	Percent Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percent of Covered Payroll
June 30, 1987	\$3,749,519	\$4,650,403	80.6%	\$900,884	\$1,429,429	63.0%
June 30, 1988	\$4,173,045	\$4,943,027	84.4%	\$769,982	\$1,446,485	53.2%
June 30, 1989	\$4,770,072	\$5,583,117	85.4%	\$813,045	\$1,556,775	52.2%
June 30, 1990	\$5,428,265	\$6,363,487	85.3%	\$935,222	\$1,652,719	56.6%
June 30, 1991	\$6,103,139	\$7,131,401	85.6%	\$1,028,262	\$1,750,191	58.8%
June 30, 1992	\$6,878,981	\$7,940,683	86.6%	\$1,061,702	\$1,809,458	58.7%
June 30, 1993	\$7,787,379	\$8,506,353	91.5%	\$718,974	\$1,867,948	38.5%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the System.

Revenues by Source (Dollars in thousands)

Valuation Date	Employee Contribution	Employer Contribution	Investment Income	Realized Gains on Sales	Total	Employer Contributions as a Percent of Covered Payroll
June 30, 1987	\$132,112	\$132,112	\$337,825	\$21,720	\$623,769	9.2%
June 30, 1988	\$146,849	\$146,849	\$365,023	\$29,965	\$688,686	10.2%
June 30, 1989	\$154,633	\$154,633	\$414,754	\$52,034	\$776,054	9.9%
June 30, 1990	\$164,087	\$164,087	\$462,583	\$59,541	\$850,298	9.9%
June 30, 1991	\$172,914	\$172,914	\$497,202	\$58,650	\$901,680	9.9%
June 30, 1992	\$179,604	\$179,604	\$530,379	\$129,459	\$1,019,042	9.9%
June 30, 1993	\$185,159	\$185,159	\$564,733	\$242,613	\$1,177,664	9.9%

Expenses by Type (Dollars in thousands)

Valuation Date	Benefits and Refunds Paid	Administrative Expenses	Total
June 30, 1987	\$150,138	\$2,120	\$152,258
June 30, 1988	\$266,431	\$2,377	\$268,808
June 30, 1989	\$180,012	\$3,357	\$183,369
June 30, 1990	\$215,429	\$3,817	\$219,246
June 30, 1991	\$229,330	\$4,800	\$234,130
June 30, 1992	\$245,365	\$5,583	\$250,948
June 30, 1993	\$270,529	\$6,556	\$277,085

